BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of	
Lifeline and Link Up Reform and Modernization	WC Docket No. 11-42
Telecommunications Carriers Eligible for Universal Service Support	WC Docket No. 09-197
Connect America Fund	WC Docket No. 10-90

COMMENTS OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION ON SECOND FURTHER NOTICE OF PROPOSED RULEMAKING

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I. INTRODUCTION

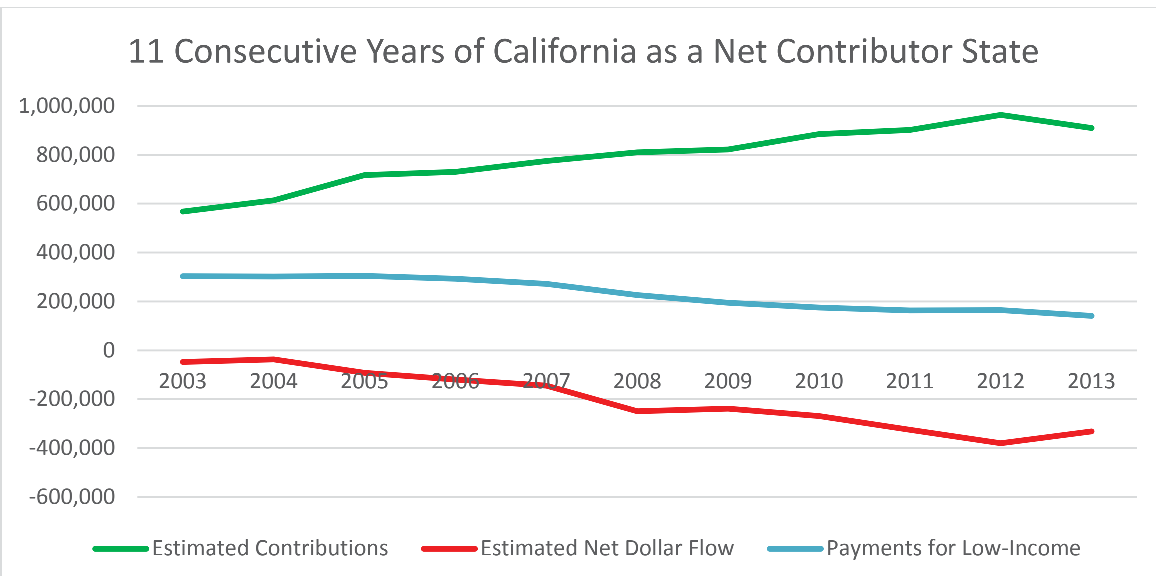
The California Public Utilities Commission (CPUC or California) hereby files these comments on the Federal Communications Commission's (FCC or the Commission) *Second Further Notice of Proposed Rulemaking* (*NPRM*) in the above-captioned proceedings.[1] In the NPRM, the FCC proposes many changes to the current federal Lifeline program (federal Lifeline or Lifeline) to make it more effective, to minimize waste, fraud and abuse, and to ensure that the Lifeline benefits are delivered to those persons most in need of support. The CPUC supports many of the proposals in principle. In these comments, the CPUC: 1) requests that the FCC preserve California's authority and flexibility to administer the federal Lifeline program in conjunction with the California LifeLine Program (also known as California LifeLine); 2) discusses the California LifeLine processes and procedures; and 3) discusses the impact of the FCC proposals on the California LifeLine Program.

II. BACKGROUND

The California LifeLine Program was established in 1984, before the federal Lifeline program. The CPUC's goal in establishing the program was to achieve the same purpose as the federal Lifeline program -- to provide high quality telecommunications services to eligible low-income households at affordable rates. California LifeLine currently has over 2.2 million participants and 53 service providers. Forty-eight of the 53

[1] *See In the Matter of Lifeline and Link Up Reform and Modernization et al.*, WC Dkt Nos.11-42, 09-0197, and 10-90, *Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order* (*NPRM)*, FCC 15-71, (rel. June 22, 2015).

providers are eligible telecommunications carriers (ETCs) that provide both federal and California LifeLine services.[2] California LifeLine is the largest universal service program that the CPUC administers, with a current budget exceeding $345 million. It is continually growing in size despite the fact that, for the last 11 consecutive years, California has received less and contributed more (a net contributor) to the federal universal service fund (USF or Fund).[3] In 2013, California contributed approximately $910 million to the Fund but received only approximately $141 million in Lifeline subsidies.



[2] Data as of August 30, 2015. A carrier is not required have an ETC designation in order to become a California LifeLine provider. The CPUC has two LifeLine requests that are pending. With the approval of these two requests, the total number of California LifeLine providers would be 55. *See* California LifeLine participation data at http://www.cpuc.ca.gov/NR/rdonlyres/1276B73C-D201-46BB-9753-EBDC9A65D12D/0/Copyof2015XeroxSubscriberCountsasof9915.xlsx (last visited September 17, 2015).

[3] *See* FCC's Monitoring Reports, https://transition.fcc.gov/wcb/iatd/monitor.html (last visited September 17, 2015).

III. SUMMARY OF RECOMMMENDATIONS

The CPUC makes the following recommendations on the *NPRM* issues:

- The FCC has authority to expand the Lifeline program to include BIAS under §§ 254 and 706 of the 1996 Act;

- States should be permitted to regulate consumer protection for all Lifeline services, including BIAS;

- The FCC should resolve the contribution issue for BIAS before adding the service to the Lifeline program;

- The FCC should address the role and scope of states' authority to administer BIAS as a component of universal service in their own Lifeline programs;

- The FCC should establish minimum service standards for voice service and broadband Internet access service (BIAS);

- Lifeline voice service standards should be based on competitive retail service offerings;

- The FCC should consider actual availability of broadband Internet in developing minimum standards for BIAS;

- Lifeline providers should be required to continue to offer voice telephony service;

- The FCC should consider increasing the federal subsidy amount if broadband is to be a component of Lifeline;

- The FCC should continue to allow states to develop their own eligibility criteria and verification procedures (e.g., third-party administrator);

- The CPUC opposes reducing the number of qualifying public assistance programs for Lifeline;
- The CPUC opposes eliminating income-based eligibility method;
- The CPUC supports the proposal to nationalize the federal Lifeline enrollment process, but the FCC should not require the states to participate, but opt-in, to the national process;
- The CPUC supports the proposal to coordinate enrollment between Lifeline and other public assistance programs;
- If the FCC requires states to coordinate enrollment between government agencies, the FCC should provide funds to the states to design, implement, and maintain an electronic communications system/database;
- The FCC should further explore an electronic-portal or a physical media system of distributing federal Lifeline support before changing the current subsidy distribution method;
- The FCC should not reduce the current federal ETC obligations;
- Federal Lifeline providers that are carriers of last resort (COLRs) should not be allowed to opt out of their obligation to provide federal Lifeline service;
- The FCC should consider leveraging the federal positive train control mandate as a means to deploy broadband infrastructure on railway rights of way in conjunction with positive train control broadband facilities and increase competition in the Lifeline marketplace where BIAS does not exist;
- Text messages should constitute “usage” for federal Lifeline prepaid services;
- The FCC should gather more data before reducing the non-usage period from 60 to 30 days for de-enrollments;
- The CPUC opposes the FCC’s proposal to standardize Lifeline eligibility forms;

- States should be allowed to develop their own enrollment forms and processes that incorporate the unique characteristics of their state;

- The CPUC supports establishing standards for eligibility documentation; and

- ETCs that are not COLRs should be permitted to exit the Lifeline market if they meet the requirements of 47 U.S.C. § 214(e)(4);

IV. DISCUSSION

A. The FCC Should Establish Minimum Service Standards for Voice Service and Broadband Internet Access Service.

One of the key proposals in the *NPRM* is the proposal to include broadband Internet access service (BIAS) to the federal Lifeline program. The FCC concludes that BIAS "is necessary for even basic communications in the 21st Century" and for "basic participation in our society and economy."[4][5]

The FCC asks whether there should be minimum service standards for voice service and BIAS to:

- Extract the most value for the federal government's universal service fund dollars;[6]

- Ensure the availability of robust services for low-income households;[7]

- Ensure low-income households receive affordable but reasonably comparable services to those retail services provided in urban areas;[8]

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[4] *See NPRM*, ¶¶ 4-5.

[5] *Id.*, ¶ 61.

[6] *Id.*, ¶¶ 1, 10, 14-16, 34, and 52.

[7] *Id.*, ¶¶ 14-15, 35, and 47.

- Ensure low-income students and consumers with disabilities are provided with affordable, reliable, and quality BIAS; and

- Remove any incentive for providers to offer minimal, non-innovative services that benefit themselves more than consumers.[9]

As to voice telephony service, the FCC expresses concerns that, in the three years since the *Lifeline Reform Order*, the federal Lifeline offerings for prepaid wireless voice minutes have not increased in pace with the retail offerings and that they have remained largely unchanged at 250 minutes at no cost/free to the federal Lifeline participants.[10] Consequently, the FCC states that it is necessary to establish minimum standards to ensure maximum value for each USF dollar so that low-income households receive services that are reasonably comparable to retail services. As to BIAS, the FCC wants to ensure that any BIAS Lifeline product is sufficient for consumers to participate in the economy.

The CPUC supports the FCC's efforts to set minimum service standards for Lifeline voice service to improve the robustness of the federal Lifeline offerings. The CPUC recommends that the federal Lifeline voice service standards be based on competitive retail[11] service offerings. This approach is consistent with the

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[8] *Id.*, ¶¶ 10, 16, 35-36, 41.

[9] *Id.*, ¶ 34.

[10] *Id.*, ¶ *16.*

[11] The CPUC views retail plans as those plans that common carriers offer to consumers.

definition of federal Lifeline in 47 C.F.R. § 54.401(a)[12] which defines Lifeline as a non-transferable **retail** service offering for which qualifying low-income consumers pay reduced charges as a result of the application of the Lifeline support described in 47 C.F.R. § 54.403. Under the current federal Lifeline framework, participants will always have a limited choice of service offerings. Since the providers only compete with other Lifeline providers, there is no incentive for them to offer services that are reasonably comparable to retail services. [13]

The CPUC applies the retail offering standard in its review of ETC designation requests. As part of its ETC designation review process, the CPUC evaluates proposed federal Lifeline plan offerings in the context of what the net cost of a proposed Lifeline plan would be to a Lifeline participant with average voice minutes of use compared to comparable retail plans in the general retail market. The CPUC uses the average voice minutes of use reported in the FCC's Mobile Wireless Competition Reports for the analysis, recognizing that the data is

[12] *See* 47 C.F.R. § 54.101(a).

[13] *See* examples of innovative and competitive retail service offerings at https://finance.yahoo.com/news/app-lets-text-without-wifi-144911016.html, http://www.cnet.com/news/want-cheaper-wireless-service-patience-is-a-virtue/#ftag=YHF65cbda0, https://www.freedompop.com/, http://www.whistleout.com/CellPhones, http://www.engadget.com/2015/08/14/atandt-updated-mobile-data-plans/?utm_medium=feed&utm_source=Feed_Classic&utm_campaign=Engadget&ncid=rss_semi, http://www.cnet.com/news/cablevision-sets-sights-on-cellular-providers-with-freewheel/, http://arstechnica.com/business/2014/10/fed-up-us-cities-try-to-build-better-broadband/, http://www.usatoday.com/story/tech/columnist/shinal/2014/04/28/freedom-pop-goes-to-china-to-upend-us-smartphone-market/8124559/, and http://arstechnica.com/information-technology/2013/07/gigabit-internet-and-phone-service-for-48-a-month-it-really-exists/ (last visited September 17, 2015).

approximately one year in arrears. The CPUC has rejected proposed prepaid wireless plans that would be more costly to the Lifeline participant, using the average usage of voice minutes, than comparable retail offerings[14].

Since 2014, the CPUC has observed that the prepaid Lifeline wireless plans proposed by ETC applicants range from 1,000 minutes per month to unlimited minutes. This trend developed in California since the review process for ETC applications incorporated market rate comparisons coupled with the CPUC allowing wireless companies to offer state LifeLine services in January 2014 in exchange for additional subsidies from the state. California LifeLine for wireless service requires minimum buckets of minutes ranging from 501-999 minutes for a $5.75 per month subsidy, and 1,000 or more minutes for a $12.65 per month subsidy.

The CPUC has approved 60 wireless plans since 2014. Thirty-six plans have unlimited voice minutes, and 11 plans are free/ no cost to the participant. The other 22 plans range from $8.10 to $40.75, depending on data allowances, in cost to the participant, after deducting federal and/or state support amounts. On the retail side, AT&T Mobility offers an unlimited talk and text prepaid plan for $30.00 per month,[15] and Verizon Wireless offers an unlimited talk and text

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[14] Air Voice Wireless, LLC Resolution T-17448 (August 8, 2014); i-wireless, LLC Resolution T-17449 (September 11, 2014); Tempo Telecom, LLC Resolution T-17459 (November 6, 2014); and AmeriMex Communications Corp. Resolution T-17455. These Resolutions can be found on the CPUC website at: http://docs.cpuc.ca.gov/ResolutionSearchForm.aspx.

[15] *See* http://www.att.com/shop/wireless/plans/prepaidplans.html (last visited September 17, 2015).

prepaid plan with 500MB of data for $35.00 per month.[16] Consequently, it appears that federal Lifeline plans in California are reflecting retail market voice minutes.

As to setting minimum standards for BIAS, the FCC should consider the *actual* availability of broadband Internet as a factor, not *advertised* availability. In some instances, particularly in rural and tribal communities, the only BIAS that is available may be at speeds below what is available in urban areas, or not available at all. While this level of BIAS may be viewed as inadequate when compared to BIAS offered in urban areas, if there is only one BIAS service available, qualified low-income consumers should not be deprived of federal support simply because the service does not meet urban BIAS levels. The CPUC is concerned that standardizing service levels that are not available on a retail level will not attract additional providers in rural and tribal communities.

B. The FCC Should Continue to Require Lifeline Providers to Offer Voice Service.

The FCC notes that some consumers may prefer to use their federal Lifeline discount for a voice-only service.[17] The FCC asks input on how to require providers to continue to offer affordable stand-alone voice service.[18] Federal Lifeline providers should be required to continue to offer voice service on a stand-alone basis and should also be allowed to include the service in a bundle package. The CPUC opposes allowing

[16] *See* http://www.verizonwireless.com/prepaid/basic-monthly-plans/ (last visited September 17, 2015).
[17] *NPRM*, ¶ 38.
[18] *Id.*

federal Lifeline providers to offer data-only broadband to Lifeline participants. In the 2012 *Lifeline Reform Order*, the FCC held that "ensuring the availability of quality voice service for low-income consumers"[19] helps effectuate Congress's universal service directives in §§ 254(b)(1) and 254(b)(3) of the 1996 Act that quality service should be available at affordable rates and to consumers throughout the nation.[20]

It is important for the FCC to continue to provide discounts for voice telephony services because "voice communications remain essential to daily living and may literally provide a lifeline to 911 and health care providers."[21] For most public safety needs, ***consumers can only reach 911 through a voice telephony service*** because the transition to Next Generation 911 networks is still nascent and is not widely available in the United States. As of July 29, 2015, only one county in California, San Bernardino County with just 11 public-safety answering points (PSAPs), is able to accept text-to-911.[22] The FCC noted that "even in areas where PSAPs accept text-to-911, it is a complement to, not a substitute for, existing voice-based 911 service. Consumers should make a voice call to contact 911 during an emergency when possible."[23] The CPUC agrees with the FCC that "[federal Lifeline] providers must ensure that all Lifeline service offerings continue to be

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[19] *See In the Matter of Lifeline and Link Up Reform and Modernization et al.*, Report and Order and Further Notice of Proposed Rulemaking (*Lifeline Reform Order*,) ¶ 27; WC Dkt Nos. 11-42, 03-109, 12-23 and CC Dkt. No. 12-23; FCC 12-11 (rel. Feb. 6, 2013).

[20] *Id.*

[21] *Id*., ¶ 16.

[22] *See* Master PSAP Registry for text to 911 at https://transition.fcc.gov/pshs/911/Text911PSAP/Text_911_Master_PSAP_Registry.xlsx (last visited September 1, 2015).

[23] *See* FCC's Guide, "*What You Need to Know About Text-to-911*," https://www.fcc.gov/text-to-911 (last visited September 17, 2015).

compliant with all applicable 911 requirements."[24] The CPUC therefore opposes substituting funding for voice telephony services[25] for BIAS.

C. The FCC Should Consider Increasing the Monthly Federal Lifeline Subsidy Amount.

The FCC proposes to keep the federal Lifeline subsidy at $9.25 per month. If the subsidy amount is not increased, it may be difficult for the FCC to achieve its goal of modernizing the federal "Lifeline program so that all consumers can utilize advanced networks."[26] Because retail prices for BIAS are high and competition among BIAS providers limited, a $9.25 subsidy would not be sufficient to make BIAS Lifeline rates affordable for low-income consumers.

The CPUC provides substantial California LifeLine subsidies. For the current calendar year, the maximum California LifeLine support is $12.65 per month per eligible participant for both wireline and wireless. The CPUC also re-evaluates California LifeLine support amounts on annual basis. [27] In 2016, the maximum support amount will increase to $13.20 per month per eligible participant. As a consequence, many of the California LifeLine wireless telephone service plans include voice, text *and* BIAS.

The CPUC calculates California LifeLine support by taking 55% of the highest reported retail rate for basic service between the largest four incumbent local exchange carriers in California - AT&T Corp. (AT&T), Citizens Telecommunications Co. of Ca.

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[24] *NPRM*, ¶ 29.

[25] 47 C.F.R. § 54.101(a).

[26] *Id.*, ¶ 9.

[27] CPUC General Order 153 § 8.5.

(Frontier), Verizon California, Inc. (Verizon), and SureWest Telephone (SureWest).[28] Because the support amount is based on retail voice rates, it encourages providers to offer robust California LifeLine offerings and keep California LifeLine rates affordable.[29]

Indeed, California law requires that the state LifeLine rates remain affordable; specifically, California Public Utilities (PU) Code § 874 requires that California LifeLine rates be more than 50% of the retail rates for basic service.[30] PU Code § 874 also states that service installation or connection charges cannot be more than 50% of the retail charges for installation or connection for basic service.[31] Therefore, California LifeLine discounts are commensurate with the retail rates for basic service which ensures that California LifeLine rates remain affordable. The CPUC recommends that the FCC reevaluate the $9.25 federal subsidy to determine whether it is sufficient to allow federal Lifeline participants affordable, high quality federal Lifeline services that are reasonably comparable to the retail services provided in urban areas.

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[28] *See* trends and a summary of California's Uniform Regulatory Framework Carrier of Last Resorts' basic service rates at http://www.cpuc.ca.gov/NR/rdonlyres/A56E8D7E-30A8-4C77-B403-DFB05CA361D4/0/URFCarrierBasicServiceRatesbyYear2015.pdf and http://www.cpuc.ca.gov/NR/rdonlyres/8D04558D-3D5C-4399-A6F5-2B76A2E1E5E3/0/UpdatedServiceRatesReportedbyURFCarriers2015.pdf (last visited September 17, 2015).

[29] *See* CPUC General Order 153, § 8.5.

[30] *See* CA PU Code §§ 874(a)-(b).

[31] *See* CA PU Code § 874(c).

D. The CPUC Has Minimum Service Levels to Ensure that California LifeLine Services Remain Affordable and are "Reasonably Comparable" to Retail Services.

Since the 1984 inception[32] of California's program, the CPUC has established minimum service levels/elements that the California LifeLine providers must provide in order to receive state subsidies. The California LifeLine service elements ensure that all residential consumers receive a minimum level of service no matter where they live in California. Under California PU Code § 873, the CPUC is required to annually designate a class of California LifeLine service that is necessary to meet minimum communications needs, set rates and charges for that service, and develop eligibility criteria.[33] Minimum communications needs include, but are not limited to, the ability to originate and receive calls and the ability to access electronic information services.[34]

California LifeLine initially started with landline service, with service elements that included unlimited incoming calls and outgoing local calls for monthly flat rate plans and unlimited incoming calls and up to 60 untimed outgoing local calls for monthly measured rate plans. The CPUC has continually revised the California LifeLine Program's service elements.[35] For example, in November 2010, the CPUC expanded the program to include data services for consumers that receive wireless equipment through

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[32] *See* CPUC Decision 84-04-053.

[33] *See* CA Pub. Util. Code § 873.

[34] *Id*.

[35] *See* CPUC Decisions 96-10-066, 00-10-028, 10-11-033, and 14-01-036.

the CPUC's Deaf and Disabled Telecommunications Program.[36] Last year, the CPUC adopted service elements for wireless telephone service to achieve the following objectives for the California LifeLine Program:

- Preserve essential consumer protections across technology platforms;
- Ensure consumers' minimum communications needs are met regardless of income;
- Increase the types of telecommunications services that are affordable for low-income households;
- Promote technological neutrality;
- Encourage innovation in California LifeLine service offerings;
- Ensure participants receive high quality services commensurate with the level of California LifeLine support offered to providers; and
- Ensure California LifeLine funds are spent in a fiscally sound and prudent manner.

The CPUC also considered the following factors in determining consumers' minimum communications needs:

- Consumers' actual usage;
- Consumers' recommended services;
- Available retail service offerings in the marketplace;
- Available local usage plans offered by the ILECs;

[36] *See* CPUC Decision 10-11-033, at pp. 4 and 74-80 and Ordering Paragraphs 36-39.

- Available service offerings funded by other states' low-income universal service programs; and

- Available federal Lifeline service offerings in other states.

In the *NPRM*, the FCC is considering using factors that the CPUC used to develop the California LifeLine minimum service elements. The CPUC agrees with the FCC that, unlike competitive retail service offerings available in the marketplace, federal Lifeline offerings in other states have largely been stagnant for prepaid wireless service and have remained largely unchanged at 250 minutes at no cost to the recipient.[37]

The California LifeLine support for wireless plans is provided on a tiered basis, with more support provided to more comprehensive plans. Through its research, the CPUC found that a system that provides a uniform/set subsidy amount that applies across the board to all wireless plans was unlikely to encourage providers to offer enough voice minutes for low-income households to meet their minimum communications needs. And service plans with insufficient number of voice minutes would result in more overage fees to the participants, thus undermining affordability. The tiered support system for wireless services requires California LifeLine providers to offer voice minutes that correspond more closely with the actual usage of consumers nationwide.

California LifeLine currently has 12 ETCs offering 34 wireless telephone service plans, all of which have a minimum of 1,000 voice minutes.[38] The California LifeLine

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[37] *NPRM*, ¶ 16.

[38] Statistics only include launched California LifeLine wireless telephone services as of August 31, 2015. *See* Provider Search at https://www.californialifeline.com/en/provider_search and enter a zip code, e.g., 94102 under Cell Phone Service, (last visited September 17, 2015). However, there are pending requests

Program does not *require* providers to offer text messages or data, but the support amounts encourage that result. Below is a table that shows the number of approved California LifeLine wireless telephone service plans with their features.

Column A – Wireless Plan Features	**Column B – Number of Approved California LifeLine Wireless Telephone Service Plans with the Features Listed in Column A**
MINIMUM OF 1,000 VOICE MINUTES	34 of 34
$0 COST/FREE TO PARTICIPANT	21 of 34
UNLIMITED VOICE MINUTES	27 of 34
UNLIMITED VOICE MINUTES AT $0 COST/FREE TO PARTICIPANT	14 of 34
UNLIMITED TEXT MESSAGES	27 of 34
UNLIMITED TEXT MESSAGES AT $0 COST/FREE TO PARTICIPANT	14 of 34
DATA (100, 200, or 250 MB) AT $0 COST/FREE TO PARTICIPANT	7 of 34
DATA	19 of 34
UNLIMITED DATA	2 of 34
5 GB	1 of 34
3 GB	2 of 34
2 GB	2 of 34
1 GB	1 of 34
500 MB	2 of 34
250 MB	3 of 34
200 MB	2 of 34
100 MB	4 of 34

for revisions/additions to California LifeLine wireless telephone service plans.

E. The FCC Should Not Modify the Eligibility Criteria.

The FCC proposes to redefine the federal Lifeline program's eligibility criteria to "target the Lifeline subsidy to those low-income consumers most in need of support."[39] It proposes to revise the list of qualifying public assistance programs and eliminate the income-based qualification method in order to decrease the administrative burden on federal Lifeline providers, state administrators, and a national administrator, to reduce financial burden on the Fund, and to prevent waste, fraud, and abuse.[40]

The CPUC administers the federal Lifeline program in conjunction with the California LifeLine Program. Under the current federal Lifeline framework, consumers can qualify for federal Lifeline by meeting the federal criteria, unless the state has its own eligibility criteria.[41] States can develop additional standards, including enrollment and eligibility that best accommodate their low-income consumers' needs based on the state's available resources, eligibility criteria, local conditions, laws, and budgetary limits. This allows states to incorporate their unique characteristics. California has adopted the following additional requirements for eligibility:

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[39] *NPRM*, ¶ 112.

[40] *Id.*, ¶¶ 112 and 116.

[41] *See* 47 C.F.R. Sec. 54.409(a).

- Types of documents to verify ID;[42]

- Last four digits of social security number (SSN4) – the CPUC has a pending petition with the FCC seeking a waiver of the SSN4 requirement;

- Higher income limits – the CPUC has supported raising the threshold income limit from the current 135% to 150% of the Federal Poverty Level;[43]

- Qualifying public assistance programs;

- Additional discounted telephone service line for Deaf and Disable Telecommunications Program participant and/or teletypewriter users; [44] and

- Use of commercial addresses[45] for the residential service address.

The FCC should adopt more permissive rather than more restrictive eligibility criteria to allow more households to qualify for the program. [46] It should continue to allow the states to develop additional standards, including eligibility criteria.[47]

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[42] *See* https://www.californialifeline.com/en/id_check and http://www.usac.org/li/tools/nlad/dispute-resolution/tpiv-failure-dr.aspx to compare (last visited September 17, 2015).

[43] *See* Comments of the California Public Utilities Commission and the People of the State of California in Response to Notice of Proposed Rulemaking in Lifeline and Link-Up Reform and Modernization, et al., WC Docket No. 11-42, et al.; (rel. March 12, 2007), at pp. 2-3 and Comments of the California Public Utilities Commission and the People of the State of California in Response to Notice of Proposed Rulemaking in Lifeline and Link-Up Reform and Modernization, et al., WC Docket No. 11-42, et al.; *Notice of Proposed Rulemaking*, FCC 11-32 (rel. March 4, 2011), at pp. 4-5, filed August 26, 2011.

[44] *See* CPUC Decision 00-10-028, at pp.2 and 139-160 and Ordering Paragraphs 73-74.

[45] The FCC allows use of a commercial address per FCC 12-11 ¶ 69 while *California law prohibits it* per CA Pub. Util. Code § 872.

[46] *See* Comments of the California Public Utilities Commission and the People of the State of California in Response to Further Notice of Proposed Rulemaking in Lifeline and Link-Up Reform and Modernization, et al., WC Docket No. 11-42, et al.; *Report and Order and Further Notice of Proposed Rulemaking*, FCC 12-11 (rel. Feb. 6, 2012), at pp. 7-8, filed April 2, 2012.

[47] *See* Comments of the California Public Utilities Commission and the People of the State of California, *In the Matter of Federal-State Joint Board on Universal Service, LifeLine and Link-Up;* FCC 10-72 (rel.

As of July 31, 2015, approximately 2.2 million households received California LifeLine discounts from 52 different telecommunications carriers throughout the state.[48] The California State Legislature has directed the CPUC to offer high quality basic telephone service at affordable rates to the greatest number of low-income households in California[49] and to develop eligibility criteria for consumers to participate in the California LifeLine Program.[50] The California LifeLine eligibility criteria ensures that *California's low-income consumers* that are most in need of federal Lifeline and/or California LifeLine receive the support, consistent with the federal Lifeline objectives.[51] The FCC should not eliminate income qualification because it is still used, albeit on a declining basis, by many California LifeLine participants to renew their eligibility where income, on average, is less than $19,000.[52] The table below shows the percentage of participants broken down by the qualification methods.

May 4, 2010), at pp. 3, 12-13, 20-21, and 27, filed July 16, 2010. See also *Reply* Comments of the California Public Utilities Commission and the People of the State of California in Response to Notice of Proposed Rulemaking in Lifeline and Link-Up Reform and Modernization, et al., WC Docket No. 11-42, et al.; *Notice of Proposed Rulemaking*, FCC 11-32 (rel. March 4, 2011), at pp. 5-6, filed May 10, 2011.

[48] Two additional California LifeLine providers launched their California LifeLine services in August 2015.

[49] *See* CA PU Code §§ 871.5 and 871.7.

[50] *See* CA PU Code § 873.

[51] *See NPRM*, fn. 240.

[52] Data between June 1, 2012 and July 31, 2015.

Methods of Renewing Eligibility[53]			
	Year 2013	Year 2014	January to July 2015
Percent of Renewal Forms Submitted (Chose Income-Based)	42%	25%	22%
Percent of Renewal Forms Submitted (Chose Both Income-Based and Program-Based)	41%	17%	19%
Percent of Renewal Forms Submitted (Chose Program-Based)	16%	48%	51%

As to the program-based qualification method, the table below shows the top five public assistance programs that the California's low-income households use to qualify. There are other public assistance programs that are not listed in the table.

The FCC seeks comment on limiting the programs that would qualify to NSLP and SNAP. These programs, however, have higher income benchmarks than the federal Lifeline program. The NSLP and SNAP income benchmarks are 185% and 200% of the federal poverty level (FPL), respectively, whereas the Lifeline income benchmark is 135% of the FPL.

There are several factors that affect the popularity level of the selected public assistance programs. These include ETC's marketing efforts, location of the public assistance program on the application and renewal forms (randomized or fixed), the public assistance program's eligibility criteria, and ease of availability of proof of participation from the public assistance program. Limiting the program qualification to the NSLP and SNAP would qualify consumers that would not otherwise be eligible for

[53] Data based on submitted renewal forms.

Lifeline, but disqualify consumers on other public assistance programs with lower income benchmarks.[54]

Top 5 Public Assistance Programs Selected[55]			
	Year 2013	Year 2014	January to July 2015
Applications	Medicaid - 59% SNAP - 33% SSI - 27% NSLP - 15% LIHEAP - 12%	Medicaid - 50% SNAP - 46% SSI - 10% LIHEAP - 3% Section 8 - 3%	Medicaid - 56% SNAP - 40% SSI - 5% LIHEAP - 1% Section 8 - 1%
Renewals	Medicaid - 65% SSI - 34% SNAP - 22% NSLP - 21% LIHEAP - 20%	Medicaid - 72% SSI - 37% SNAP - 22% LIHEAP - 20% NSLP - 17%	Medicaid - 75% SSI - 36% SNAP - 26% LIHEAP - 18% NSLP - 15%

The FCC's proposal is inconsistent with the CPUC's determination as to who may be low-income in California. The CPUC therefore opposes reducing the number of public assistance programs that would qualify participants for federal Lifeline support and opposes eliminating the income-based qualification.

F. The CPUC Supports a National Third-Party Administrator Proposal.

The FCC proposes "to remove the responsibility of conducting the eligibility determination from the Lifeline providers," to a trusted third-party administrator.[56] This

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[54] See *NPRM*, fn. 234; *See* also NSLP's income limits at http://www.gpo.gov/fdsys/pkg/FR-2015-03-31/pdf/2015-07358.pdf and SNAP's income limits at http://www.cdss.ca.gov/foodstamps/PG3628.htm (last visited September 17, 2015).

[55] Consumers may select more than one public assistance program when qualifying. Approximate percentages only.

[56] *NPRM*, ¶ 63.

proposal to transfer responsibility of eligibility determinations and other functions aims to achieve the following objectives:

- Decrease waste, fraud, and abuse;
- Create more efficiencies in program administration;
- Bring dignity to the program; and
- Reduce administrative burdens on providers.

The FCC seeks comment on numerous questions related to the scope, cost, and timeline for the processes, services, features, functions, etc. to be provided or performed by a third-party administrator. The FCC also seeks comment on how the administrator should be funded.

The CPUC supports the FCC's proposal to nationalize the federal Lifeline enrollment process. But, the CPUC opposes the FCC mandating the states to participate in the national process; Participation should be optional where the state has its own third-party administrator in place and for state programs based on dedicated state funding. States that conduct their own enrollment process should be allowed to continue using their own process or opt-***in*** to a national process. Further, the FCC should not require states that choose to use their own process to justify or prove that their enrollment process is comparable or as robust as the national process that the FCC adopts where their money is concerned. The FCC did not provide any funds to the states to implement the changes that were adopted in the 2012 *Lifeline Reform Order*. The CPUC found that some of those changes were unnecessary and ineffective in improving the federal Lifeline program and our own. The CPUC has a fiduciary responsibility to the California ratepayers to ensure that its LifeLine funds are used in a fiscally sound and responsible manner.

1. History of the California LifeLine Administration

The California LifeLine Program's enrollment responsibilities were initially performed by the service providers through a self-certification method based on income eligibility. In 2005, the CPUC transferred the enrollment responsibilities from the service providers to a third-party administrator (California LifeLine Administrator or Administrator)[57] to accomplish the following:

- Ensure consistency in review of documents;
- Protect and maintain privacy of personal documents;
- Achieve cost-effectiveness and economies of scale; and
- Enable participants to transfer their benefits between California LifeLine providers without having to submit a new application for each transfer. [58]

The California LifeLine Administrator, under the CPUC's oversight and supervision, handles the enrollment process[59] and has the sole responsibility of determining eligibility. Consumers and service providers that participate in the federal and/or state program must comply with the Administrator's eligibility requirements and enrollment process.

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[57] In 2011, the CPUC hired Xerox State & Local Solutions, Inc. (XEROX) as the California LifeLine Administrator. The CPUC transitioned the administrator functions from Solix, Inc. to XEROX between January and May 2012.

[58] *See* CPUC Decision 05-04-026, at pp. 25-29.

[59] *See* Attachment A for a high level flow chart of the Administrator's enrollment process. CPUC staff and XEROX would be amenable to discussing the Administrator's enrollment process and functions with the FCC if the FCC would like more information.

Since 2005, California has been using a third-party administrator whose services are funded entirely by the California LifeLine fund. At this time, the benefits of California opting into a national process do not appear to outweigh the financial and programmatic costs of switching to a national third-party administrator. The CPUC's third-party administration is well-established, comprehensive, and specifically-tailored to California.

2. Core Functions of California LifeLine Administrator

The CPUC's third-party administrator, XEROX State & Local Solutions, Inc. (XEROX), performs many functions and responsibilities for the California LifeLine Program, including the following:

- Develops and provides all forms for consumers to obtain or renew their discounts;
- Performs de-enrollment functions;
- Conducts validation checks of service providers' submitted information;
- Reviews/analyzes forms submitted;
- Notifies consumers and providers of eligibility decisions;
- Maintains program database;
- Checks for and eliminates duplicates;
- Handles consumer inquiries;
- Communicates with the providers;
- Operates a call center for outreach and enrollment; and

- Develops and implements all necessary procedures for consumers and providers for the California LifeLine enrollment process.

Between June 2012 and July 2015, XEROX disseminated about 5.62 million application packets, mailed approximately 5.73 million renewal packets, processed about 7.34 million submitted applications and renewals, mailed about 7.87 million letters, mailed over 1.25 million postcards, received about 2.16 million incoming calls to the call center, and made more than 57,000 outbound calls from the call center.[60]

The CPUC also has an internal division – Consumer Affairs Branch (CAB) – to answer calls from consumers and review eligibility appeals.[61] Consumers have approximately two weeks from the date of a denial letter to submit a written appeal to CAB.[62] California finds that the CPUC staff are better suited than a third-party administrator to handle eligibility appeals that involve interpretation of rules and cases that involve possible enforcement actions. Between May 2014 and August 2015, CAB processed 1,615 customer appeals. CAB upheld XEROX's eligibility determinations for 1,043 of those appeals and overturned the remaining 572 denial decisions in favor of the consumer.[63] Between 2012 and 2015, XEROX also added 11 service providers to the California LifeLine Program.[64]

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[60] Statistics include data between June 1, 2012 and July 31, 2015.

[61] General Order §§ 5.1.10 and 5.8. *See* Attachment B for Consumer Affairs Branch appeal and call volume data.

[62] California LifeLine Program appeal process, https://www.californialifeline.com/en/faq#faq2 (last visited September 17, 2015).

[63] Consumers may submit *a written appeal* to the CPUC's Consumer Affairs Branch (CAB). When the CAB upholds a denial decision rendered by the Administrator, the consumer continues to be denied

Having a third-party administrator perform eligibility has helped the CPUC prevent waste, fraud, and abuse of state and federal funds. The key aspect of XEROX's process is its gatekeeping system. It is robust, active (beginning, middle, and end of the enrollment process), and recurring (daily, real-time, monthly, and ad hoc basis). The objective of the gatekeeping system is to prevent and reduce fraud occurrences and duplicates *while* ensuring qualified low-income households benefit from the program.[65] The system has effective controls that prevent duplicates from entering into the program in the first place.

XEROX also has in place quality control and assurance measures to ensure that it issues correct eligibility decisions. XEROX makes improvements to its process on an ongoing basis so that the enrollment process continues to be efficient, cost-effective and reliable. The CPUC is currently considering a new enrollment process that would allow consumers to contact the Administrator directly to start the application process. [66] The existing process requires all consumers to go through a provider to start the application process and does not allow consumers to apply directly with the Administrator. This new

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enrollment in the program. If the CAB overturns the Administrator's denial, the consumer becomes a program participant. XEROX-processed appeal data covers May 2014 through August 2015. The CPUC also has a process for reversing overturn decisions made by the CAB. *See* Attachment G for a flow chart which shows the steps to correct a CAB overturned decision.

[64] Statistics includes data between June 1, 2012 and August 30, 2015.

[65] For example, on June 25, 2015 XEROX mailed about 3,400 letters associated with active, inactive, and pending records informing consumers that the California LifeLine Program determined that they violated the California LifeLine Program's rules. XEROX de-enrolled approximately *900* active records of the 3,400 records. One ETC, Telscape Communications, Inc., dba truConnect, was associated with over 49% of the 3,400 letters. As of June 30, 2015, the California LifeLine Program had about *2.17 million* participants.

[66] *See* Attachment D for a flowchart of the alternate application process which allows applicants to contact the Administrator directly.

application process would be similar to the system that the FCC envisions would allow consumers to interface directly with a national administrator.[67]

The California LifeLine Administrator must also ensure that customer data is kept confidential and have adequate controls to prevent leakage. The Administrator must comply with all applicable consumer privacy rules and regulations.[68] The CPUC requires the Administrator to retain all documentation electronically in perpetuity. Paper documents may be destroyed after one year of retention.

3. Processing Applications

The FCC's description of the CPUC's "pre-approval" process in the *NPRM* is not accurate. First, the CPUC does not pre-approve applicants. Second, the CPUC does not approve or deny any applicant or participant without the Administrator's review of the required form and proof of eligibility.[69] Third, all eligibility decisions occur and are communicated to both consumers and providers, ***after*** the Administrator performs all necessary checks and reviews.[70]

The CPUC requires XEROX to make an eligibility decision within seven days of receiving a completed application, i.e., application form and any required supporting documentation. In practice, however, XEROX takes on average less than two days to

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[67] *NPRM*, ¶¶ 66 and 70.

[68] CPUC staff and XEROX would be amenable to discussing the Administrator's data security practices and obligations with the FCC staff.

[69] *See* Attachment A for a high level flow chart of the Administrator's enrollment process.

[70] *Id*.

render a decision. XEROX also uses first-class U.S. mail for delivery of application and renewal packets.

Additionally, a multi-day review process does not negatively affect applicants. If they are approved, their discount will begin from the date they requested the discounted service. Thus, the application processing interval does not materially affect or reduce the discounts for which the consumer would be eligible. The CPUC's rules and processes comply with the federal rules,[71] and ensure that neither the state nor federal fund subsidizes telecommunications service for any consumer who has not activated service. Below are examples of application processing time and applicability of California LifeLine discounts:

Example of a consumer applying for California LifeLine wireline service*:*

June 1, 2015 – Consumer calls service provider and asks for California LifeLine discounts.

June 2, 2015 – Service provider electronically sends the consumer's request to XEROX.

June 4, 2015 – XEROX mails application packet to the consumer.

June 9, 2015 – Consumer receives application packet.

June 20, 2015 – Consumer mails completed and signed application with proof of eligibility to XEROX.

June 24, 2015 – XEROX receives the applicant's completed and signed application with proof of eligibility.

July 1, 2015 – XEROX sends to the applicant and the service provider approval decision.

[71] *Lifeline Reform Order*, ¶¶ 260 and 255.

In the above example, discounts would start on June 1, 2015. The provider would credit the consumer the difference between the retail rate and the discounted rate that the consumer may have paid while waiting for the eligibility decision. The consumer can also request an interest-free payment plan to help cover non-recurring charges such as service installation fees.

Example of a consumer applying for California LifeLine wireless service in-person, receiving in-person handset that is already activated:

June 1, 2015 – Consumer requests California LifeLine discounts, receives handset in person, and service that is already activated.

June 1, 2015 – Service provider electronically sends the consumer's request to XEROX.

June 1, 2015 – XEROX electronically transmits application packet to the service provider.

June 1, 2015 – Service provider electronically transmits completed and signed application with proof of eligibility to XEROX.

June 1, 2015 – XEROX electronically receives the applicant's completed and signed application with proof of eligibility from the service provider.

June 3, 2015 – XEROX communicates status code to the service provider for an update of telephone number and service start date.

June 4, 2015 – Service provider sends updated record.

June 5, 2015 – XEROX sends to the applicant and the service provider approval decision.

Discounts would start on June 5, 2015.

Example of a consumer applying for California LifeLine wireless service, but the handset is mailed (rather than provided in-person) to the consumer:

June 1, 2015 – Consumer requests California LifeLine discounts.

June 1, 2015 –Service provider electronically sends the consumer request's to XEROX.

June 1, 2015 – XEROX electronically transmits application packet to the service provider.

June 1, 2015 – Service provider electronically transmits completed and signed application with proof of eligibility to XEROX.

June 1, 2015 – XEROX electronically receives the applicant's completed and signed application with proof of eligibility from the service provider.

June 3, 2015 – XEROX communicates status code for an update request.

June 4, 2015 – Service provider ships handset to the consumer.

June 28, 2015 – Consumer activates handset/service.

June 30, 2015 – Service provider sends updated record.

July 1, 2015 – XEROX sends to the applicant and the service provider approval decision.

Discounts would start on July 1, 2015.

4. Third-Party Administration Fees

The CPUC spent approximately $56.5 million in third-party administration fees (formerly handled by Solix, Inc.) between May 2006 and May 2012. From the end of 2011 to the present, the CPUC has paid XEROX about $30 million.[72]

5. Coordinated Enrollment and Outreach

In the *NPRM*, the FCC seeks comment on ways to leverage existing eligibility databases of qualifying public assistance programs to coordinate enrollment with the federal Lifeline program. The CPUC supports the FCC's proposal to coordinate enrollment between Lifeline and other public assistance programs. The CPUC has

[72] Payment covers services from the contract's start through the end of June 2015.

previously shared with the FCC its efforts to coordinate its low-income energy program, California Alternate Rates for Energy (CARE), with the California Health and Human Service Agency (CHHS) and the California Department of Social Services.[73] California PU Code § 739.1 requires the CPUC to coordinate its CARE Program with the California LifeLine Program. To date, we have been unable to coordinate enrollment for the CPUC's CARE Program with public assistance programs that CHHS oversees, except for Low Income Home Energy Assistance Program (LIHEAP), due to CHHS's concerns regarding privacy and other legal issues.[74] The extent of coordination between LIHEAP and the California LifeLine Program is limited to the programs referring services to one another; the programs do not coordinate enrollment. The California LifeLine Program has also been unable to leverage/use other California state agencies' eligibility databases to enroll customers in the LifeLine program.

If the FCC requires states to coordinate enrollment, the FCC should provide the states with funds to design and establish a secure electronic communications system between sister agencies. The system must have adequate measures and controls to ensure customer privacy and confidentiality of customer data. It is the CPUC staff understanding that the FCC has engaged in discussions with other government agencies

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[73] *See* Comments of the California Public Utilities Commission and the People of the State of California, *In the Matter of Federal-State Joint Board on Universal Service, LifeLine and Link-Up;* FCC 10-72 (rel. May 4, 2010), at pp. 13-17, filed July 16, 2010.

[74] The CPUC required the utilities and the Deaf and Disabled Telecommunications Program (DDTP) "to develop and deploy a system by July 1, 2001, to provide utilities with real-time access to the DDTP's database of customers who satisfy the disability and equipment-related eligibility criteria" for two California LifeLine discounted telephone service lines. To date, this requirement has not been met.

in charge of administering public assistance programs. The CPUC supports the FCC's proposal to leverage resources between government agencies, but more studies and data are needed before it can be implemented. The CPUC recommends that the FCC explore this proposal further and share with the states information it has obtained from other government agencies to better assess the proposal and to determine how it can be implemented nationwide.

6. Discount Distribution Method

The FCC also seeks comment on whether an electronic-based system (e.g., online portal, unique identifier, personal information number (PIN), or physical media like a debit card) should be used to provide federal Lifeline discounts directly to the participants. The *NPRM* does not include sufficient data to consider the proposal adequately. This proposal would fundamentally alter the distribution method for subsidy payments from ETCs to eligible consumers. The FCC needs to gather more data to evaluate this proposal. The CPUC also recommends that the FCC explore other, additional ways to distribute discounts before changing the current method. The CPUC also notes that use of electronic cards may deliver discounts more quickly to the participants but may also create new frauds that the current method does not.[75] The FCC should carefully consider all possible alternatives before changing the current method.

[75] *See* http://www.wcsh6.com/story/news/2014/04/30/ebt-photo-cards/8536255/ (last visited September 17, 2015).

H. The FCC Should Not Reduce ETC Obligations.

The FCC currently requires ETCs to offer federal Lifeline service throughout their ETC-designated service areas. The FCC seeks "additional comment on whether the Commission should relieve ETCs of the obligation to provide Lifeline supported service, pursuant to their ETC designation, in specific areas where there is a sufficient number of Lifeline providers."[76] The FCC further seeks comment regarding an acceptable number of providers, the method for defining an appropriate geographic area, and any appropriate conditions to protect the public interest.

The current process under 47 U.S.C. § 214(e)(4) and Part 54 C.F.R. § 54. 205 for relinquishing ETC designation and exiting the market is appropriate for ETCs that are not COLRs. Non-COLR ETCs exiting the market must demonstrate that there is at least one other ETC in the service area and must receive approval to exit.

But, consistent with California's previously submitted comments to the FCC,[77] the CPUC opposes allowing federal Lifeline providers that are also COLRs[78], to opt out of their obligation to provide federal Lifeline service to low-income households. The CPUC requires COLRs to offer both retail basic service and California LifeLine service. If ETCs are relieved of the obligation to offer

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[76] *NPRM*, ¶ 125.

[77] *See* Comments of the California Public Utilities Commission and the People of the State of California in Response to Further Notice of Proposed Rulemaking, WC Docket No. 11-42 (filed April 2, 2012).

[78] In California, all ILECs are COLRs. Cox, Communications, Inc., a competitive local exchange carrier (CLECs) is also a COLR. No other CLECs are COLRs at this time.

federal Lifeline service, telecommunications carriers in California required to provide basic service with California LifeLine service would not be able to extend/offer federal Lifeline support to their California LifeLine participants. Absent availability of federal Lifeline discounts for carriers providing basic service with California LifeLine service, California LifeLine consumers would end up paying $9.25 more for basic service.

According to USAC, as of 2Q 2015, 41 out of 56 states and territories had more than 25 ETCs, and four states had more than 100 ETCs (Minnesota, Texas, Wisconsin, and Iowa have 105, 123, 131, and 276 ETCs).[79] In California, 42 ETCs are currently participating in the federal Lifeline program. Although many states have multiple ETCs, Lifeline offerings are still limited and not as robust or comparable to retail offerings. The FCC notes in the *NPRM* that Lifeline plans have remained stagnant. Thus, increasing the number of service providers would not necessarily result in an increase of choices or better Lifeline plans.

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[79] *See* 2Q 2015 LI03, http://www.usac.org/about/tools/fcc/filings/2015/Q4/LI03%20-%20Eligible%20Telecommunications%20Carriers%20-%202Q2015.xlsx (last visited September 17, 2015).

	State	# of ETCs			State	# of ETCs			State	# of ETCs			State	# of ETCs
1	IA	276		15	KY	55		29	AK	37		43	NH	15
2	WI	131		16	NE	55		30	WV	37		44	PR	14
3	TX	123		17	GA	53		31	MS	36		45	RI	13
4	MN	105		18	AR	51		32	AZ	35		46	VT	12
5	OK	83		19	LA	50		33	ID	35		47	HI	9
6	IL	78		20	CO	47		34	NV	32		48	MA	9
7	MI	73		21	SC	47		35	VA	32		49	NJ	6
8	MO	73		22	OR	44		36	ME	31		50	CT	5
9	KS	69		23	SD	44		37	UT	28		51	DE	5
10	NY	62		24	NC	43		38	NM	27		52	GU	5
11	OH	59		25	WA	43		39	FL	26		53	DC	4
12	IN	57		26	CA	42		40	MD	26		54	VI	4
13	PA	56		27	ND	39		41	MT	25		55	AS	3
14	AL	55		28	TN	39		42	WY	18		56	MP	3

The CPUC has created incentives for service providers to offer better LifeLine plans by adopting minimum service elements for California LifeLine plans. The California LifeLine Program focuses on requiring service providers to offer service elements that are necessary to meet California's low-income households' minimum communications needs in exchange for providing a substantial state subsidy. This ensures that eligible households have access to high quality telecommunications services at affordable rates. The CPUC has increased the maximum recurring monthly support on annual basis from \$11.50 in 2012 to \$12.65 in 2015. The amount will increase to \$13.20 in 2016.

The CPUC requires all telecommunications carriers that offer basic service to also offer California LifeLine service (also known as the CPUC's basic service obligation). The CPUC has defined basic service/minimum communications needs as a service that includes elements/features that are essential for consumers to participate in modern society or the minimum level of service that consumers have come to expect.[80] In December 2012, the CPUC redefined "what a consumer needs today in terms of essential service features in today's competitive marketplace irrespective of network architecture or technology."[81] California's "basic service obligation applies on a statewide basis to all telecommunications carriers wishing to offer basic residential telephone service. Accordingly, the basic service obligation applies, not just in regions subject to high-cost support, but throughout California."[82]

I. The Commission Should Keep Current ETC Designation Requirements.

The FCC proposes to modify the ETC designation process to increase the number of federal Lifeline providers and the robustness of the federal Lifeline offerings. The FCC seeks comment on how the designation process should be revised.[83]

The CPUC opposes the FCC's proposal to streamline the ETC designation process solely to broaden carrier participation. Eliminating or relaxing prudent standards for ETC qualifications may increase the likelihood of waste, fraud, and abuse in the program, as well as potential exploitation of low-income consumers.

Given the substantial amount of federal Lifeline support, it is important to spend the time up front through a reasonable and rigorous review of ETC applications to

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[80] *See* CPUC Decision 12-12-038, p.12.

[81] *Id*., p.16.

[82] *Id*., p.3.

[83] *NPRM*, ¶ 132.

ensure that only qualified companies with no history of engaging in inappropriate behavior (e.g. consumer abuse) or illegal activities (e.g. fraud, embezzlement, money laundering, etc.) are designated as ETCs.

The CPUC's review of ETC designation applications incorporates California LifeLine rules[84] with the FCC's ETC rules. This review includes: price comparisons between proposed federal Lifeline plans and comparable retail plans; review of the approved federal compliance plans including the applicant's financial capacity to offer federal Lifeline services and technical abilities to offer telecommunications service; and a due diligence review of the corporate entity, owners, principals, executives, and affiliates to assess whether there are behaviors that indicate that the entity should not be granted ETC status. The due diligence review includes contacting other state and federal agencies, conducting the Better Business Bureau and internet searches, and other investigatory tools.

Since issuance of the CPUC's Basic Service Decision[85] in December 2012, the CPUC has received fifteen ETC designation requests. Only three were facilities-based wireline carriers and the remaining twelve were wireless resellers. The CPUC authorized some of these companies to provide wireless service prior to applying for ETC designation. But, these companies were not offering retail service on a common carrier basis at the time of requesting ETC designation and intended to begin offering

[84] *See* CPUC General Order 153 http://www.cpuc.ca.gov/PUC/documents/go.htm, CPUC Decision 12-12-038 re: Basic Telephone Service, and Decision 14-01-036 Modernizing the California LifeLine Program.

[85] *See* CPUC Decision 12-12-038.

retail service to non-Lifeline participants once they were designated as ETCs. Consequently, these providers had no track record to help evaluate their status as good corporate citizens.

The CPUC questions the underlying motivations of a telecommunications company/ common carrier not actively advertising, marketing, and providing retail service. Such companies pose a risk to the federal Lifeline program.

The CPUC suggests that all common carriers applying for ETC designation, under either § 214(e)(2) or § 214 (e)(6), be required to offer retail service and demonstrate in their ETC applications that they currently advertise, market, and offer retail service by providing actual examples of the advertising and marketing materials.

The FCC has previously declined "to establish rules that would provide Lifeline/Link-Up support directly to carriers that are not ETCs."[86] Allowing non-ETCs to draw federal subsidy would be inconsistent with § 254(e), which mandates that only ETCs may receive universal service support. The CPUC agrees with the FCC that extending Lifeline/Link-Up universal service support to carriers that do not satisfy the requirements for designation as an ETC could serve as a disincentive for other carriers to comply with their ETC obligations. [87]

[86] *See* FCC 04-87, ¶ 54.

[87] *See* FCC 04-87, ¶ 54.

J. The Commission Should Consider Leveraging Federal Positive Train Controls to Increase Competition in the Lifeline Marketplace.

The FCC seeks comment on ways to increase competition and innovation in the Lifeline marketplace in a manner that is consistent with the goal of avoiding waste, fraud and abuse.[88] The FCC posits that the best way to do this is to increase the number of service providers offering Lifeline service.

With regard to BIAS Lifeline participation and the deployment of facilities, the CPUC recommends that the FCC assess whether there is an opportunity to leverage the federal Positive Train Control (PTC) unfunded mandate[89] to facilitate the deployment of broadband facilities along rail lines that often traverse sparsely populated areas. PTC systems will be deployed over approximately 60,000 miles of railroad right-of-way across the nation, some of which are in remote areas where electrical and other infrastructure needs to be installed.

If feasible, the FCC should also consider providing support to railroad companies interested in deploying BIAS infrastructure in conjunction with construction of PTC facilities. Similar to Connect America Funding (CAF), the United States Department of Agriculture (USDA) could make participating railroads eligible for USDA Rural Development's Rural Utilities Programs loans and grants to build and expand broadband networks. Loans to build broadband networks and deliver service to rural households and businesses would provide capital for rural telecommunications companies, broadband

[88] *See* NPRM, ¶ *121.*

[89] *See* The Rail Safety Improvement Act of 2008

providers, wireless companies, and fiber-to-the-home providers. Some USDA grants are reserved for communities with the highest need.[90]

Not only would this approach augment rail safety, it would address communications, public safety, and economic development in unserved and underserved areas of the country. The railroads themselves need not be actual BIAS providers but could either lease facilities, or establish partnerships with qualified broadband providers.

K. The CPUC Supports the FCC's Proposal to Modernize and Enhance the De-enrollment Process.

1. Consumer-Initiated De-enrollment Process

The FCC proposes to modify its de-enrollment rules in the following three ways:

- Allow federal Lifeline participants to de-enroll themselves from the federal Lifeline program in a quick and efficient manner;
- Treat text message(s) as "usage" for prepaid services; and
- Reduce the non-usage interval from 60 to 30 days for prepaid services

Existing federal rules do not allow a participant to terminate federal Lifeline service without going through the service provider. The FCC seeks comment on ways to allow participants to de-enroll themselves from the program in a quick and efficient manner.

The CPUC supports a consumer-driven de-enrollment process that responds to consumers' requests and concerns in a reliable and timely manner. The California LifeLine Program allows participants to contact either the Administrator or the service

[90] *See* http://www.rd.usda.gov/programs-services/all-programs/telecom-programs

provider to de-enroll. Participants may de-enroll by contacting the Administrator in one of three ways: 1) by phone; 2) electronically (by clicking on "Remove Me" from the California LifeLine website)[91]; or 3) by submitting a written request.[92] Participants may contact the Administrator by phone any time after enrolling in the program. Online and paper de-enrollment options are available during service renewal period.[93]

a) Contacting the Administrator by Phone

When a participant calls the Administrator to de-enroll, XEROX authenticates the participant's identity by performing a five-factor match using 1) name; 2) service address; 3) phone number; 4) date of birth; and 5) the last four digits of the Social Security Number. XEROX also asks the subscriber to confirm the request.

XEROX's call center operational hours are Monday to Friday from 7 a.m. to 7 p.m., though the center is closed during holidays and weekends. Once XEROX authenticates the participant's identity, the participant is removed from the program the same day.

b) Contacting the Administrator via Online

For online requests to de-enroll, XEROX uses a two-factor authentication method: personal identification number (PIN); and phone number. XEROX assigns a unique PIN

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[91] *See* https://www.californialifeline.com/en/remove_me (last visited September 17, 2015).

[92] *See* https://www.californialifeline.com/pdf/new/renewals/st_en_10_ren_0114.pdf (last visited September 17, 2015).

[93] XEROX is in the process of revising the "Remove Me" page online to perform a five-factor match of name, service address, phone number, date of birth, and the last four digits of the social security number.

number to each application and each renewal form. Participants use their unique PIN number to electronically request to de-enroll.

c) Contacting the Administrator by Mail

Participants can also de-enroll by mailing a written request upon receipt of the annual renewal form. The forms have a "Remove Me" box which the participants can mark to de-enroll.

d) By Contacting Service Provider

Participants can also de-enroll from the program by contacting their service provider directly.[94] After a participant submits the request to the service provider, the provider sends the request to the Administrator. The Administrator then processes the request and notifies the customer and the service provider. De-enrollment will vary when consumers contact the service provider instead of the Administrator.

2. The CPUC Supports Redefining Usage for Prepaid Wireless Services.

The FCC seeks comment on ways to define consumer "usage" of Lifeline service and to reduce the non-usage period. Currently, the FCC requires ETCs to de-enroll participants from the program if they do not use Lifeline service for 60 consecutive

[94] *See* General Order §§ 6.3.1 and 6.3.2. The CPUC requires service providers to submit their daily activities by the end of the next business day after service order completion date.

days.[95] The FCC also asks whether to allow text messages to constitute "usage" for federal Lifeline prepaid services.[96]

The CPUC supports treating text messages as usage of Lifeline service. While the CPUC also supports the FCC's proposal to streamline the enrollment process, the *NPRM* does not set forth sufficient data to conclude that reducing the non-usage interval from 60 to 30 days for prepaid services would ensure that Lifeline providers do not receive support for participants who do not use the service. To better assess the proposal, the CPUC recommends that the FCC gather more data and analyze the volume and/or percentage of participants who have been de-enrolled from the program for non-usage and have reapplied within a year of de-enrollment.

L. NLAD: Applications and Processes

The FCC proposes to use federal Lifeline participant information in the NLAD to calculate the federal Lifeline providers' monthly reimbursements from the USF fund. Currently, the FCC reimburses ETCs based on information they provide on their claim forms. The FCC's proposal would rely on NLAD data as opposed to carrier data to calculate subsidies.

The CPUC's subsidy reimbursement method is similar to the FCC's proposal. The California LifeLine Administrator uses participant information in the state's LifeLine

[95] 47 C.F.R. § 54.407(c)(2).

[96] *See NPRM,* ¶ 143.

database to calculate subsidies (i.e., daily weighted average). Since October 2000, the CPUC has used the weighted average method as the reimbursement measurement.[97]

For each California LifeLine provider, XEROX produces weighted average reports, which are used by the providers to prepare the California LifeLine claim forms.[98] XEROX also creates a monthly summary for the CPUC staff which contains weighted-average information for each provider. The CPUC uses this information to check the accuracy of the submitted claim forms.[99]

The weighted-average report shows the number of days the participant is active and approved during a given month and any adjustments that are made in prior months. If the participant is active and approved for the entire month, then the value would be 1.00. If more than one California LifeLine provider serves the participant during the month, then the service providers would share in the weighted value for the participant.[100]

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[97] *See* CPUC Decision 00-10-028, at p. 34 and Ordering Paragraph 28. The CPUC provided California LifeLine providers 90 days to implement the weighted average method. On November 2010, the CPUC required the Administrator to calculate and to report the weighted average counts instead of the California LifeLine providers. Solix, Inc., the California LifeLine Administrator at the time, took a little over a year to implement this new task. The CPUC staff received the first weighted average summary report from Solix, Inc. for December 2011 participation data.

[98] *See* California LifeLine Claim Form Templates and Instructions at http://www.cpuc.ca.gov/NR/rdonlyres/28834A24-A30D-4357-8499-16FD37090AE9/0/CopyofClaimFormEff032014forWirelessv1.xls, http://www.cpuc.ca.gov/NR/rdonlyres/DA8566BE-F7EE-44FD-A6E8-B71FC0DD6A55/0/WirelessClaimFormInstructions05132014.doc, http://www.cpuc.ca.gov/NR/rdonlyres/40768EDD-533C-4E36-9D77-6828E93DFD8E/0/ClaimFormEff122011.xls, and http://www.cpuc.ca.gov/NR/rdonlyres/C313D1C1-FF64-45B9-BA22-B83B1FD018D5/0/ClaimFormInstructionsfinal1102012.doc (last visited September 17, 2015).

[99] The CPUC staff would be amenable to discussing California's reimbursement process with the FCC if the FCC would like more information.

[100] For example, if carriers equally served the participant during the month, each would receive a weighted average count of 0.50.

If the participant is active and approved for part of the month, XEROX divides the number of active and approved days by 30 days.

Because the Administrator determines the weighted-average counts, the effective date of the discount, and the eligibility approvals and denials, the process reduces/ minimizes potential disputes between providers and reduces the possibility of waste, fraud, and abuse. Additionally, unless a consumer is active and approved, the CPUC does not provide a subsidy to the consumer. If adjustments for prior months are necessary, (e.g., CPUC's Consumer Affairs Branch overturns the Administrator's denial of eligibility), the Administrator can make the adjustment in the current month's weighted-average reports.

The California LifeLine Administrator utilizes information in the state database to determine which participants need to renew their subscription.[101] Since XEROX has assumed the administration of the program, it has mailed about 5.7 million renewal forms and received approximately 3.8 million completed renewal forms.[102] If the renewal forms are not returned to the Administrator or are not deliverable by the USPS, the subscribers are de-enrolled from the program.[103] The Administrator provides the renewal forms by U.S. Mail to the participants for security protection and to curb, waste, fraud,

[101] *See* Attachment E for California's renewal process timeline.

[102] Stats consist of data up to July 31, 2015.

[103] *See* Attachment F for a list of the California LifeLine Program's denial reasons as of the end of June 2015. Also, XEROX is in the process of implementing the USPS' mail forwarding service to address mailings that the USPS is unable to deliver absent a mail forwarding address.

and abuse.[104] This approach is important for renewals because proof of eligibility is not required to remain on the program. Providers may not update records on a timely basis, and consumers may submit incorrect, false, or fraudulent information, especially with addresses, as discussed below.[105]

The NLAD can also be used to perform renewals. The NLAD has participants' information, mailing information, and service start dates. Currently, ETCs can perform the renewals themselves or ask the USAC to process renewals for them. If the latter, ETCs must provide to USAC a list of renewal participants. This transfer of information between ETCs and USAC would not be needed if the NLAD processed renewals.

USAC and the California LifeLine Administrator employ different processes.[106] The California LifeLine Administrator checks for duplicates in two ways – by an individual's identity or by an individual's service address. The Administrator checks its database for duplicates on a daily, monthly, real-time, and ad-hoc basis. For example, when a service provider submits a request for a new application, the Administrator will query the database on a real-time basis to determine if the individual is active in the database. Additionally, prior to sending an approval notice, the Administrator performs

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[104] However, renewing participants may go online to renew at https://www.californialifeline.com/en/login (last visited September 17, 2015). XEROX is also in the process of enabling renewing participants to renew via an Interactive Voice Response system.

[105] XEROX states that between June 1, 2012 and July 31, 2015, about 604,000 application and renewal forms, letters, and postcards could not be delivered. XEROX sets deadlines by which providers may update an address after receiving a "bad address flag." The CPUC staff and XEROX would be amenable to discussing the Administrator's returned mail and address update process with the FCC if the FCC would like more information.

[106] *See* Attachment G which shows a comparison of the characteristics of USAC's and the Administrator's duplicates check and identity check. *See* also Attachment C for a flow chart of the California LifeLine Program's duplicate resolution process.

another duplicate check, as applicable. On a monthly basis, the Administrator performs a duplicate check before it prepares the Weighted-Average Reports, which are used for substantiating service providers' reimbursement claims. The Administrator also checks for duplicates as another level of quality control when it implements changes to program administration.

There is a significant difference between how USAC and the California LifeLine Administrator resolve duplicates. USAC's duplicate process requires consumer and service provider involvement and is not instantaneous. The CPUC's process prevents duplicates instantaneously, automatically, and without the need for input from either the service provider or consumer. These are important attributes because they minimize the existence of duplicates in the first place and save fund dollars. If the Administrator determines through its various duplicates checks, that the same individual already has the discounts, the Administrator will instantaneously transfer the discounts from one service provider to another carrier or from one telephone line to another telephone line. In contrast, USAC requires consumers to specifically document that they want to transfer to another service provider, which takes time while the federal government keeps paying for the duplicate discounted service lines.

Also, if the Administrator determines that the same individual has multiple pending requests, it will only honor the most recent request; and if approved, the Administrator will transfer the discounts from one service provider to another, as applicable.

M. Funding for NLAD services

The FCC seeks comment regarding other ways to use NLAD data and mechanisms to fund the functions and services provided by NLAD. The CPUC opposes a funding mechanism for NLAD's functions and services based on contributions from states and territories.

The CPUC also finds that some of the current functions of NLAD do not appear to be cost-effective, including the following:

- Performing the ID check[107] at the front-end *and* at the back-end[108];
- Duplicate resolution process is time-consuming; and
- Allowing providers, instead of USAC, to perform renewals.[109]

If the FCC expands the scope of NLAD's functions, the CPUC recommends that the FCC allow states' to opt-***in*** or to continue using their own process. States should be allowed to opt-***in***, but not be required to participate in NLAD. Additionally, for states that prefer to opt out of NLAD, the FCC should not require states to prove or demonstrate that their administration and enrollment processes are comparable or as robust as the specifications adopted by the FCC. This opt-***in*** route should apply to those states that do not rely partly or wholly on ETCs to determine the eligibility of low-income households for the federal Lifeline program.

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[107] *NPRM*, ¶ 183.

[108] California only performs the ID check immediately before sending a potential approval decision.

[109] *Id.*, ¶ 184. *See* also http://www.usac.org/li/telecom-carriers/step08/recertification.aspx (last visited September 17, 2015).

N. The CPUC Opposes the FCC's Proposal to Require the States to Use Standardized Federal Lifeline Forms.

The FCC proposes to standardize enrollment forms that all consumers, ETCs, and states must use in order to certify consumers' initial and ongoing eligibility for Lifeline benefits.[110] The FCC states that standardizing the forms would save time by avoiding the need to analyze each form to make sure it contains all of the federal requirements and allow for easier compliance checks. This would be a significant departure from current FCC policy which allows states to develop their own forms. The FCC also proposes to require consumers to agree to each of requirements in 47 C.F.R. 54.410(d)(3) on the application form.

The CPUC opposes the FCC's proposal to mandate states to use standardized federal Lifeline forms[111] and to mandate distinct certifications for each of the requirements in 54.410(d)(3). The FCC's proposal is problematic for the following reasons:

- Standardization would prevent states from developing their own enrollment process and forms that incorporate the unique characteristics of their state – California has its own enrollment process, including eligibility criteria;

- FCC and/or USAC standardized forms would not guarantee compliance with the FCC's rules;

- The proposal is based on *insufficient* and "*anecdotal* evidence expressing concerns that the forms for these purposes are

[110] *NPRM*, ¶ 203.

[111] *NPRM*, ¶¶ 203-206.

inconsistent, deficient, or are difficult for consumers to understand"[112];

- The report (Cox Communications, Inc.'s 2013 Biennial Audit Report)[113] that the FCC used as the basis for its proposal contains insufficient and anecdotal evidence that neither pertains to California nor demonstrates that carriers'/other states' forms are non-compliant or deficient;

- A standardized enrollment form and process would negatively affect California and unnecessarily increase implementation costs (mailing, shipping, processing), and would result in more denials of consumers who would otherwise be eligible, without any clear benefit to California;

- The FCC cites to no data showing that requiring distinct certifications for each of the requirements in 54.410(d)(3) is effective in increasing the consumers' understanding of the rules and/or in decreasing waste, fraud, and abuse; and

- It is also unclear whether the FCC would fund the cost for the states to implement its proposals regarding the federal Lifeline forms.

Simply put, standardizing forms would create a rigid bureaucratic, one-size-fits-all approach, and would not guarantee compliance. For example, USAC requires ETCs to "record the name of the beneficiary and confirm by receiving certification from the applicant that the named beneficiary is a member of his or her household, and that this individual does not receive Lifeline Program-supported service."[114] California notes that there is no such corresponding certification requirement in 47 C.F.R. § 54.410.

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[112] *Id.*, ¶ 205.

[113] *NPRM*, fn. 381.

[114] *See* http://www.usac.org/li/telecom-carriers/step06/program-eligibility.aspx and http://www.usac.org/li/about/outreach/videos/Enrolling-a-Subscriber.aspx video ***dated October 2013***, at 4:08-4:27 minutes (last visited September 17, 2015).

Another example of the ineffectiveness of standardization forms is the "Household Worksheet" developed by USAC. This worksheet requires applicants to explain their personal or familial relationships with other members of the household.[115] It is California's understanding that the FCC staff worked with USAC to develop the Household Worksheet.[116] However, the FCC explained that

> …we [FCC] are requiring consumers to furnish only as much information as is needed for the ETC to verify the consumer's compliance with the one-per-household rule, which allows more than one Lifeline supported service at a given address in specific circumstances. We are not expecting a consumer, for example, to list the names of other residents of their household or explain personal or familial relationships on the Lifeline application form. Rather, as stated above, it would be sufficient for a consumer to state that he or she shares an address with other adults who do not contribute income to their household or share in the household expenses. We are not imposing an obligation on ETCs to investigate or inquire further about the specifics of those household arrangements.[117]

Despite this, USAC has required consumers to name other people in their household and/or explain the personal or familial relationships of the household's members even though it is not an FCC requirement. In 2012, CPUC staff voiced concerns with FCC staff that USAC's Household Worksheet requires consumers to provide more information than is mandated by FCC rules. Nonetheless, the CPUC has complied with USAC's requirement and is using the Household Worksheet.

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[115] *See* USAC's Household Worksheet at http://www.usac.org/_res/documents/li/doc/Lifeline-household-worksheet.docx (last visited September 17, 2015).

[116] FCC 12-11, ¶ 79.

[117] *Id.*, ¶ 84.

California has official, standardized forms that the CPUC requires for program participation.[118] The CPUC uses these forms for both federal Lifeline and California LifeLine eligibility.[119] The CPUC recommends that the FCC allow California to continue to use its own forms.

O. The CPUC Supports Establishing Standards for Eligibility Documentation.

The FCC proposes to expand the eligibility requirements by requiring a photo or other information from the applicant to validate eligibility. The FCC also seeks comment on other ways to strengthen the integrity of the enrollment process and eligibility review to ensure that only qualified consumers receive the federal Lifeline service.

The CPUC supports the FCC's efforts to strengthen the integrity of the eligibility documentation review and enrollment process. Indeed, the California LifeLine Program has an identity authentication process (ID Check)[120]:

- Consumers that fail the ID Check are denied participation; and 121
- The ID check enables XEROX to request, receive, and review identity documents.

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[118] *See* California LifeLine Program's sample forms at https://www.californialifeline.com/en/sample_forms (last visited September 17, 2015).

[119] However, if the service provider only offers the federal Lifeline discounts, then California has these forms for consumers to fill out, https://www.californialifeline.com/en/federal/samples (last visited September 17, 2015). Currently, there are no service providers in California that offer only federal Lifeline discounts.

[120] *See* https://www.californialifeline.com/en/id_check (last visited September 17, 2015).

[121] California developed three denial reasons for the ID check: 1) We were unable to prove your identity using the information you provided; 2) The identity documentation does match the applicant; and 3) We do not have evidence that the identity documentation and ID Authentication Form were submitted to us.

The ID Check requires applicants to submit an identity document that proves the applicant's identity, includes a photo, matches at least two personal data, is current, is one of the documents on the approved list, and is legible. California finds that having a photo on the identity document greatly assists in preventing and detecting duplicates, fraud and abuse. Absent demonstration of proof of eligibility, including identity documentation, XEROX denies the consumer's request for California LifeLine service.

Additionally, the CPUC does not accept letters from employers or local organizations that may be familiar with a household's financial situation as proof of eligibility because doing so would result in a system of self-certification.[122]

In addition to these practices, the following may to strengthen the integrity of the enrollment process:

- Develop rules to prevent submission of fraudulent or false information associated with primary residential service addresses;

- Develop guidelines for matching an applicant's personal information and signature on file with the customer account information maintained by the ETC;

- Limit the re-use of the same proof of eligibility;

- Identify and limit the types of proof of eligibility to those that demonstrate validity and currency of the documentation;

- Require USAC to provide and maintain a comprehensive list of examples of acceptable and unacceptable types of proof of eligibility; and

[122] *See* CPUC Decision 05-04-026, at p.14.

- Practice more transparency with the states about methods for detecting waste, fraud, and abuse.

The California LifeLine Program allows each participant to have only one California LifeLine discounted telephone service at the participant's principal place of residence.[123] No other member of that participant's household[124] or family who maintains a residence at the same place is eligible for the California LifeLine discounts.[125] Any industrial, commercial, or other nonresidential building used as a residential dwelling is excluded.[126] Additionally, the consumer may identify only one address in California as the principal place of residence.[127] The CPUC does not currently require proof of residency in California to receive the California LifeLine discounts.

California notes that some of the documents that USAC uses may not be effective in checking for accuracy or currency of a participant's primary residential service address.[128] Some of the documents that USAC uses to resolve disputes concerning primary residential service address may not actually demonstrate currency of the address information, e.g. prior year's tax returns. The California Department of Motor Vehicles (CA DMV) determines a person's residency through voting in a California election,

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[123] *See* CPUC General Order 153 §2.45 for the CPUC's definition of the term, residence. The CPUC exempts participants in its Deaf and Disabled Telecommunications Program (DDTP) as well as TTY users from the "one discounted service" rule.

[124] CA PU Code § 872.

[125] CA PU Code § 878.

[126] CA PU Code § 872.

[127] CA PU Code § 878.

[128] *See* NLAD's error codes A1 to A11 at http://www.usac.org/li/tools/nlad/dispute-resolution/tpiv-failure-dr.aspx (last visited September 17, 2015).

paying resident tuition at a public institution of higher educations, filing for a homeowner's property tax exemption, or any other privilege or benefit not ordinarily extended to nonresidents.[129] For example, the CA DMV neither requires proof of residency in California nor verifies to make sure an address is a residential dwelling when a person applies for a driver's license.[130] Notwithstanding these rules, the CPUC has encountered situations where information about service addresses raised suspicions of fraud or abuse of state and federal funds. Therefore, the CPUC recommends that the FCC develop rules to prevent submission of fraudulent or false information associated with primary residential service addresses.

The CPUC has established guidelines for consumers' signatures on application and renewal forms. The CPUC requires the applicant or the participant whose name appears on the California LifeLine provider's account to sign the forms. Alternatively, the signature can be provided by the applicant's legal guardian, or by the applicant's representative who has been authorized to sign on the applicant's behalf. In order for a signature to be effective and valid, it must come from the applicant or someone authorized to sign the form.[131] California denies enrollment when the signature on the form does not match the consumer's name, the signature is missing, or the first and last

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[129] *See* https://www.dmv.ca.gov/portal/dmv/?1dmy&urile=wcm:path:/dmv_content_en/dmv/dl/dl_info#two500 (last visited September 17, 2015).

[130] The CA DMV only requires applicants for the AB 60 driver license to prove residency in California. The CPUC staff have seen addresses that were industrial, commercial, or other nonresidential building on driver licenses.

[131] *See* CPUC General Order 153 §§ 5.4.2 and 5.5.2. *See* also CPUC Decision 15-12-013, at p.23-24.

names are missing.[132] Based on California's experience, we recommend clear guidelines for eligibility review to ensure that there is only one consumer associated with an application or renewal form with the customer account maintained by the provider.

Additionally, the FCC should clarify its rules about non-transferability of federal Lifeline service.[133] First, the CPUC recommends that rules should be clarified to state that participants may not transfer their federal Lifeline benefit to any other individual, including another eligible low-income consumer, *even to members within the same household*. If the participant wants to transfer the service to another member in the same household, the new member should be required to apply for the program instead of receiving it automatically from the participant. Second, the rules should state that participants may transfer the federal Lifeline benefit from one ETC to another ETC at any time, which USAC appears to allow.[134]

Moreover, based on California's observations and experience, implementing strategies to limit the repeated use of the same proof of eligibility could potentially decrease instances of waste, fraud, and abuse, especially for states that do not coordinate enrollment with other public assistance programs. The FCC should also consider using an account number or beneficiary information used by the other public assistance

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[132] *See* Attachment F for a list of the California LifeLine Program's denial reasons as of the end of June 2015.

[133] 47 C.F.R. § 54.410(d)(1)(vi).

[134] *See* USAC's tutorials regarding transferring federal Lifeline benefits at http://www.usac.org/li/about/outreach/videos/Transferring-a-Subscriber-Benefit.aspx, http://www.usac.org/li/tools/nlad/dispute-resolution/benefit-transfer-dr.aspx, and NLAD FAQ questions 38 to 46 http://www.usac.org/li/about/getting-started/faq-nlad.aspx#benefit (last visited September 17, 2015).

programs such as the beneficiary's name.[135] Absent this information, it is difficult to determine whether the same proof of eligibility has been unreasonably used by more than one person in a household, or by more than one household.

Furthermore, identifying and limiting the types of proof of eligibility, including identity documentation, to those for which the validity and currency may be discerned, e.g., an expiration date, would increase the integrity of the enrollment process and eligibility review. It appears that USAC is already headed in this direction because in its list of acceptable documentation, USAC identifies the date that the award was issued.[136] USAC's acceptable documentation also indicates that if a consumer is trying to qualify for federal Lifeline services by being in SNAP, USAC recommends "an award letter from the local state agency be used" instead of a beneficiary card because "[n]ot all beneficiary cards include the recipient's name."[137] For example, in California, it is impossible to discern whether CalFresh beneficiary cards[138] are valid and current by visually inspecting the cards.[139]

Another practical measure to increase the integrity of the enrollment process and eligibility review would be for USAC to provide, and to *frequently update*, a list and examples of acceptable and *unacceptable* documents for proof of eligibility, especially,

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[135] The California LifeLine Program used to require applicants to provide their beneficiary's name on the application and renewal forms. But to make room on California's forms for the FCC's required certifications, the CPUC removed it from the forms.

[136] *See* http://www.usac.org/li/telecom-carriers/step06/program-eligibility.aspx (last visited September 17, 2015).

[137] *Id*.

[138] *See* https://www.ebt.ca.gov/caebtclient/reciplogin_client.jsp (last visited September 17, 2015).

[139] See https://www.ebt.acs-inc.com/ (last visited September 17, 2015) for examples of other states' EBT cards.

those that the FCC/USAC would consider as official documents,[140] The existing information USAC compiles is a good start.[141] The California LifeLine Administrator also compiled a list of acceptable and unacceptable documents over the years for consistency in eligibility decisions and to use for training staff.

Lastly, the CPUC requests that the FCC be more transparent and share with the states the methods it uses to detect waste, fraud, and abuse. This would benefit both the FCC and the states in protecting state and federal universal service funds and develop best practices to make the programs more effective and efficient. Both the states and the federal government have a mutual objective in protecting ratepayer dollars and program integrity; additional coordination could only further that objective.

All of these aforementioned suggested measures would be beneficial for auditing, eliminating duplicates, and increasing the integrity of the documentation review and enrollment process.

P. The FCC's Proposal Regarding "Execution Date" Would Not be Useful for California.

The California LifeLine Program tracks and records a variety of dates for each consumer applying or renewing LifeLine. The FCC's proposal to record and use the "Execution Date" on the federal Lifeline forms to recover funds from ineligible applicants would not be useful in California. The CPUC uses the "Discount Effective

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[140] 47 C.F.R. §§ 54.410(b)(1)(i)(B) and 54.410(c)(1)(i)(B).

[141] *See* http://www.usac.org/li/telecom-carriers/step06/program-eligibility.aspx and http://www.usac.org/li/telecom-carriers/step06/income-eligibility.aspx (last visited September 17, 2015).

Date" as the starting date that the approved consumer would begin to receive the state and/or federal support. Different factors affect the "Discount Effective Date" the type of transaction (i.e., new, transfer, reconnect, or renewal), duration of time the consumer took to submit an application or renewal form, duration of the Administrator's eligibility review, and the service provider.

An "Execution Date" for forms would be more useful for determining applicable rules. But, depending on whether there are changes to the rules, there could be a mismatch between when the form is disseminated and the date the form was "executed" by the applicant. The FCC should clarify the term, "executed," – i.e., date of consumer's signature, date of consumer's submission of the form, date of receipt of the consumer's form, date of eligibility decision, or date of notification of eligibility decision.

Q. The CPUC Supports the FCC's Efforts to Improve Consumer Notification.

The FCC seeks comment on ways to minimize disruption in service to participants when service providers transfer control to another provider. The FCC wants to ensure that: a) all relevant authorities and consumers are aware of the transaction; b) participants have the opportunity to choose alternative providers; c) federal funding is not wasted and abused; and d) providers comply with the rules. The CPUC supports the FCC's efforts to make the federal Lifeline program more transparent and accessible to the states for notification and for consumer awareness and consumer protection purposes.

The current ETC process under 47 U.S.C. § 214(e)(4) and Part 54 C.F.R. §54.205 for relinquishing an ETC designation and exiting the market is appropriate for non-COLR

ETCs, whereby the exiting ETC must demonstrate that there is at least one other ETC in the service area and receive approval to exit. The CPUC's process for ETCs that are not COLRs must demonstrate that there is at least one other ETC in the service area and receive approval to exit consistent with 47 U.S.C. § 214(e)(4). This requirement should apply to all non-COLR ETCs regardless of technology used to provide the supported service. The CPUC also recommends that if BIAS providers are included in the federal Lifeline program, they should be subject to the same notification process if they intend to relinquish their ETC designation.

R. The CPUC Supports the FCC's Proposal to Change the Audit Requirements.

Current federal Lifeline rules require USAC to audit new ETCs within their first year of receiving federal Lifeline reimbursements. The FCC found that it may "not be the best use of USF resources to audit every Lifeline provider within the first year of its operations."[142] The FCC proposes to delay the first audit "until such time it is useful to audit the Lifeline provider" and asks for input on the scope audit, deadlines, timeframes, notifications, and thresholds.[143]

The CPUC supports all efforts by the FCC to make the federal Lifeline program more transparent and accessible to the states for auditing and implementation purposes. The CPUC does not oppose the FCC's proposal to delay the first audit beyond the first year of operations unless the circumstances suggest that an early audit is called for. But

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[142] *FNPRM*, ¶ 219.

[143] *Id*.

in the spirit of federal-state partnerships, the CPUC asks that the FCC share with the states information about its audits, their timing, the methodology USAC uses, ongoing audits, and completed audit reports. The CPUC also recommends that the states be allowed to suggest to the FCC which companies be audited. Transparency and accessibility of the federal Lifeline program in this respect furthers the objective of preventing waste, fraud, and abuse of the program and enables leveraging of government resources.

The CPUC also audits service providers and reviews reimbursement claims, remittance of surcharges and user fees. In addition, the CPUC reviews the following on an ongoing basis:

- Marketing materials (new and *previously approved* versions that have been revised);
- Sales practices (arranged or secret shopping);
- Provisioning process;
- Training materials;
- Audit measures;
- Employee remedial measures; and
- Quality control measures.

S. The Commission Has Authority to Expand the Federal Lifeline Program to Include BIAS.

The FCC asks whether it has authority to expand the federal Lifeline program to include BIAS. The CPUC concludes that the FCC has requisite authority under federal law.

1. Section 254

Section 254, the governing statute for universal service, defines universal service as

> an evolving level of telecommunications service that the Commission shall establish periodically under this section, taking into account advances in telecommunications and information technologies and services.

By proposing to add BIAS to the federal program, the Commission is doing what Congress intended for it to do, taking into account advances in telecommunications services and establishing new services for universal service. In its 2015 *Open Internet Order*, the FCC reclassified BIAS as a telecommunications service and as such, the Commission is permitted under § 254 to include BIAS as a federal Lifeline service.[144] The second and third principles in § 254(b) make clear that Congress's universal service goals are not only to include traditional voice service, but to include advanced and information services with the evolvement of technology:

> **Access to advanced services**
> Access to *advanced telecommunications and information services* should be provided in all regions of the Nation.
>
> **Access to rural and high cost areas**
> Consumers in all regions of the Nation, including *low-income consumers* and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and *advanced telecommunications* and information services, that are reasonably comparable to those services provided in urban

[144] *See Protecting and Promoting the Open Internet*, GN Docket No. 14-28, Report and Order on Remand, Declaratory Ruling, and Order, FCC 15-24, 80 Fed. Reg. 19738, ¶ 432 (rel. March 12, 2015) (*Open Internet Order)*.

> areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.[145]

Expanding the program to include BIAS furthers these universal service principles.

Adding BIAS to the federal Lifeline program fulfills the § 254(c) mandate. It directs the FCC to establish universal service periodically, "taking into account *advances in telecommunications* and information technologies and services." Under § 254(c)(1), the FCC must consider whether such services:

> A) are essential education, public health, or public safety;
> B) have, through the operation of market choices by participants, been subscribed to by a substantial majority of residential participants;
> C) are being deployed in public telecommunications networks by telecommunications carriers; and
> D) are consistent with the public interest, convenience, and necessity.[146]

BIAS meets all of these factors. The FCC in the *NPRM* notes that "[b]roadband is essential to participate in society" and that "'broadband is necessary for even basic communications in the 21st century, and offers improved access to and quality of education and health services, improved connectedness of government with society and the ability to create jobs and prosperity."[147] The FCC also notes that approximately 13 percent of Americans with annual household income of less than $30,000 per year are smartphone-dependent and are less likely to own some other type of computing device or

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[145] 47 U.S.C. § 254(b)(3).

[146] 47 U.S.C. § 254(c)(1)(A)-(C).

[147] *NPRM*, ¶¶ 4-5.

have home broadband access.[148] The CPUC supports the BIAS proposal and agrees that it is critical for low-income consumers to have access to BIAS to meaningfully participate in our society today.

2. Section 706

The FCC also asks whether it has authority under § 706 of the 1996 Act to add BIAS to the federal Lifeline program. Section 706 provides the FCC with affirmative legal authority to define BIAS as a supported Lifeline service. Section 706(a) directs the FCC to take actions that

> . . . shall encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to *all Americans*. . . shall take immediate action to accelerate deployment of such capability by removing barriers to infrastructure investment and by promoting competition in the telecommunications market.[149]

In *Verizon v.* FCC, the D.C. Circuit Court of Appeals struck down the FCC's anti-discrimination and anti-blocking rules, but concluded that § 706 provides the FCC with affirmative authority to adopt regulations for BIAS.[150] Moreover, § 706 also affords the FCC with additional authority to include BIAS as a supported service.

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[148] *NPRM*, ¶ 7.

[149] 47 U.S.C. § 1302(b).

[150] *Verizon v. FCC, et al.*, 740 F.3d 623, 2014 U.S. App. LEXIS 680 (2014). The *Verizon* court also found that the FCC could not impose common carrier regulations on BIAS so long as BIAS was classified as an "information service". The FCC remedied this problem in its 2015 *Open Internet Order*.

3. California State Law

The CPUC also supports the BIAS proposal because it furthers the universal service goals of the California State Legislature. California's policies for telecommunications are to assure:

> . . . the continued affordability and widespread availability of high-quality telecommunications services to *all Californians*, to encourage the development and deployment of new technologies, and to assist in bridging the digital divide by *encouraging expanded access to state-of-the art technologies* for rural, inner city, *low-income* and disabled Californians.[151]

In California PU Code § 871.7, the Legislature specifically directed the CPUC, "to the extent that the incorporation is feasible, that it promote equity of *access to high-speed communications networks, the Internet, and other services* [to the California LifeLine Program] to the extent those service provide social benefits that include all of the following:

> (1) Improving the quality of life among the residents of California.
> (2) Expanding access to public and private resources for education, training, and commerce.
> (3) Increasing access to public resources enhancing public health and safety.
> (4) Assisting in bridging the "digital divide" through expanded access to new technologies by low-income, disabled, or otherwise disadvantaged Californians.

Adding BIAS as a federal Lifeline supported component of universal service plainly meets all of these factors and would also expand the offerings of the California LifeLine

[151] CA PU Code § 709(a), (c) and (d) (emphasis added).

Program, which would provide more choices for consumers and spur competition in the California LifeLine marketplace.

4. Consumer Protection and Administration

The CPUC supports expanding the federal Lifeline program to include BIAS, but the *NPRM* does not discuss how the FCC intends to address consumer protection issues for BIAS. The *Open Internet Order* affirmed the FCC's conclusion that BIAS is jurisdictionally interstate for regulatory purposes. However, before rolling out BIAS as a component of the Lifeline program, the FCC should address the role and scope of states' authority to administer BIAS as a component of universal service in their own Lifeline programs. Voice service, unlike BIAS, is subject to dual/shared jurisdiction between the FCC and the states, allowing states to address consumer protection issues, including service complaints, gather information about services, ensure consumer privacy and take enforcement actions. Allowing states to continue to regulate consumer protection issues for all Lifeline services would be best for Lifeline consumers including BIAS. The *NPRM* states that "[n]otwithstanding the interstate nature of BIAS, states of course have a role with respect to broadband" and "[f]inding that this service is jurisdictionally interstate does not itself preclude all possible state requirements regarding that service."[152] Given this, the FCC needs to work with states who are better suited to address their consumers' complaints and inquiries, and who, with their own funds, seek to complement

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[152] *Id*., fn 1276, citing as an example of an explicit role for States in the NARUC Broadband Data Order, 25 FCC Rcd at 5054-55, ¶ 9 ("Given the specific federal recognition of a State role in broadband data collection, we anticipate that such State efforts will not necessarily be incompatible with the federal efforts or inevitably stand as an obstacle to the implementation of valid federal 'polic[i]es.'")

the federal Lifeline program. The CPUC requests that the FCC continue to allow states to regulate consumer protection for all federal Lifeline services, including BIAS.

5. Funding/USF Contribution Base

BIAS providers do not currently contribute to the USF fund. The *NPRM* states that "we [FCC] preempt any state from imposing any new USF contributions on broadband – at least until the Commission rules on whether to provide for such contributions."[153] In the *NPRM*, the FCC encourages states to increase monetary contributions for their own state programs to make the federal Lifeline supported services more affordable. The CPUC is concerned that the FCC's proposal would require the states to increase support for their own programs in order to accommodate the FCC's plan to add BIAS as a component of the *federal* program. In its 2015 *Open Internet Order,*[154] the FCC reaffirmed its previous finding that BIAS is an interstate service for regulatory purposes and barred states from imposing any new USF contributions on broadband for the time being. It is not clear how voice customers can be equitably required to support a service which is itself immune from the surcharge – either at the state or federal levels.

The CPUC recommends that the FCC resolve the contribution issue for BIAS before adding it to the federal Lifeline program. One of the goals of Lifeline reform is to ensure that USF Funds are spent prudently and to ensure that ratepayers are not unduly burdened in supporting the Fund.

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[153] *See Open Internet Order*, ¶ 432.

[154] *Id.*, ¶¶ 431-432.

Section 254(b) states that "all providers of telecommunications service should make an equitable and nondiscriminatory contribution to the preservation and advancement of universal service."[155] Since the FCC has now reclassified BIAS as a telecommunications service and BIAS providers are telecommunications service providers under federal law, they should be required to contribute to the USF fund. It would be inequitable for voice participants to subsidize a service that does not contribute to the Fund. To do otherwise would make BIAS a universal service without making its support a universal obligation.

V. CONCLUSION

The CPUC requests that the FCC consider these comments in determining whether the proposals in the *NPRM* should be adopted for the federal Lifeline program.

Respectfully submitted,

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SINDY J. YUN

By: /s/ SINDY J. YUN

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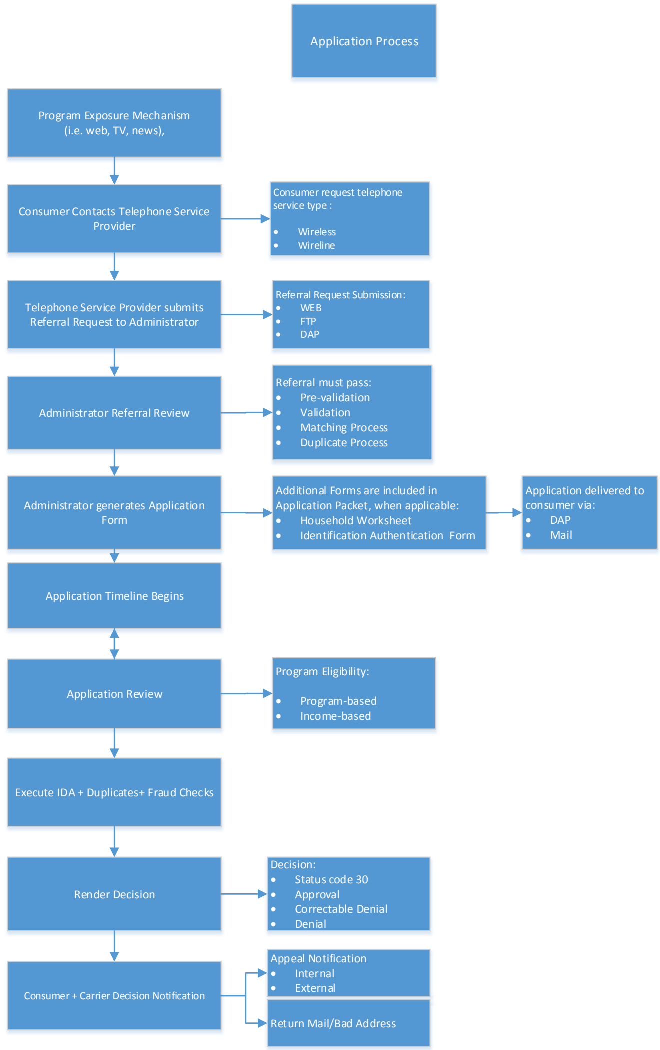
September 24, 2015

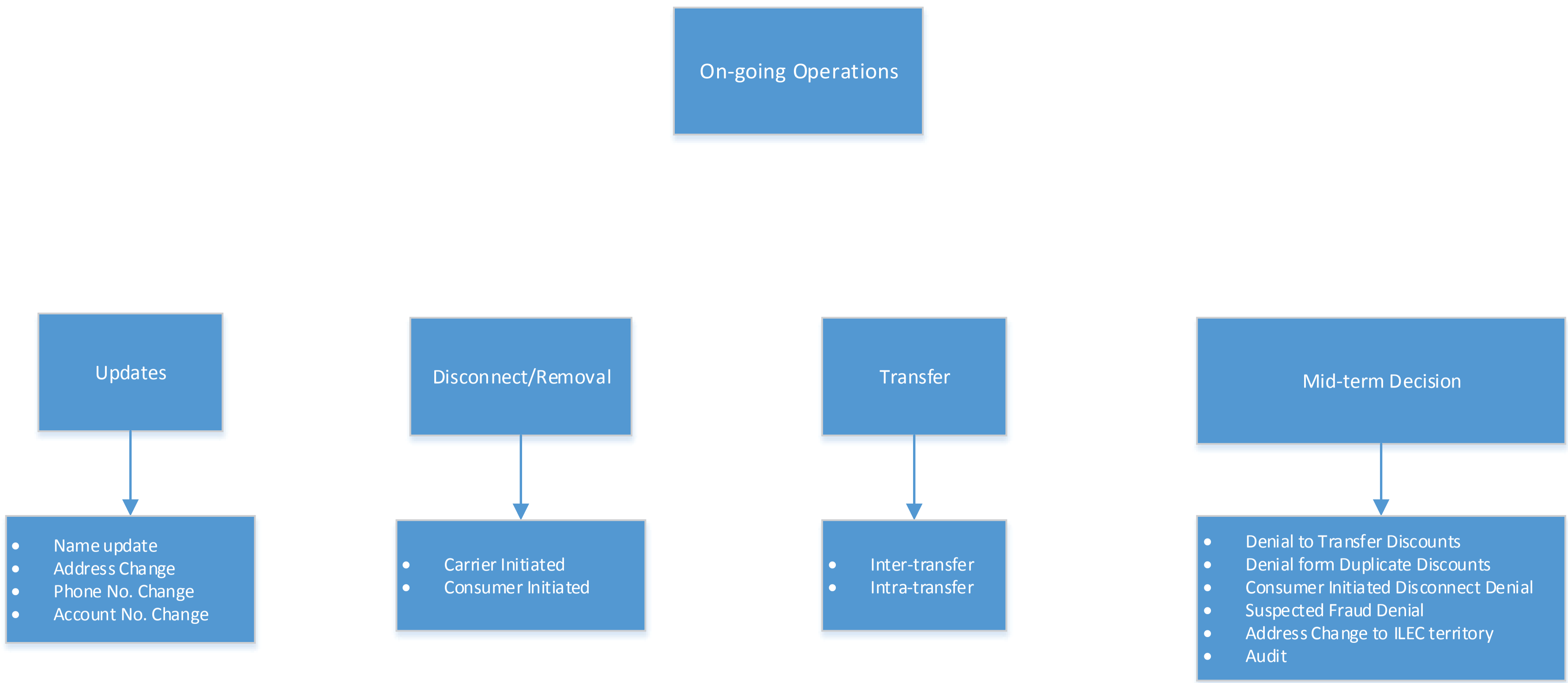
[155] 47 U.S.C. § 254(b)(1)(4).

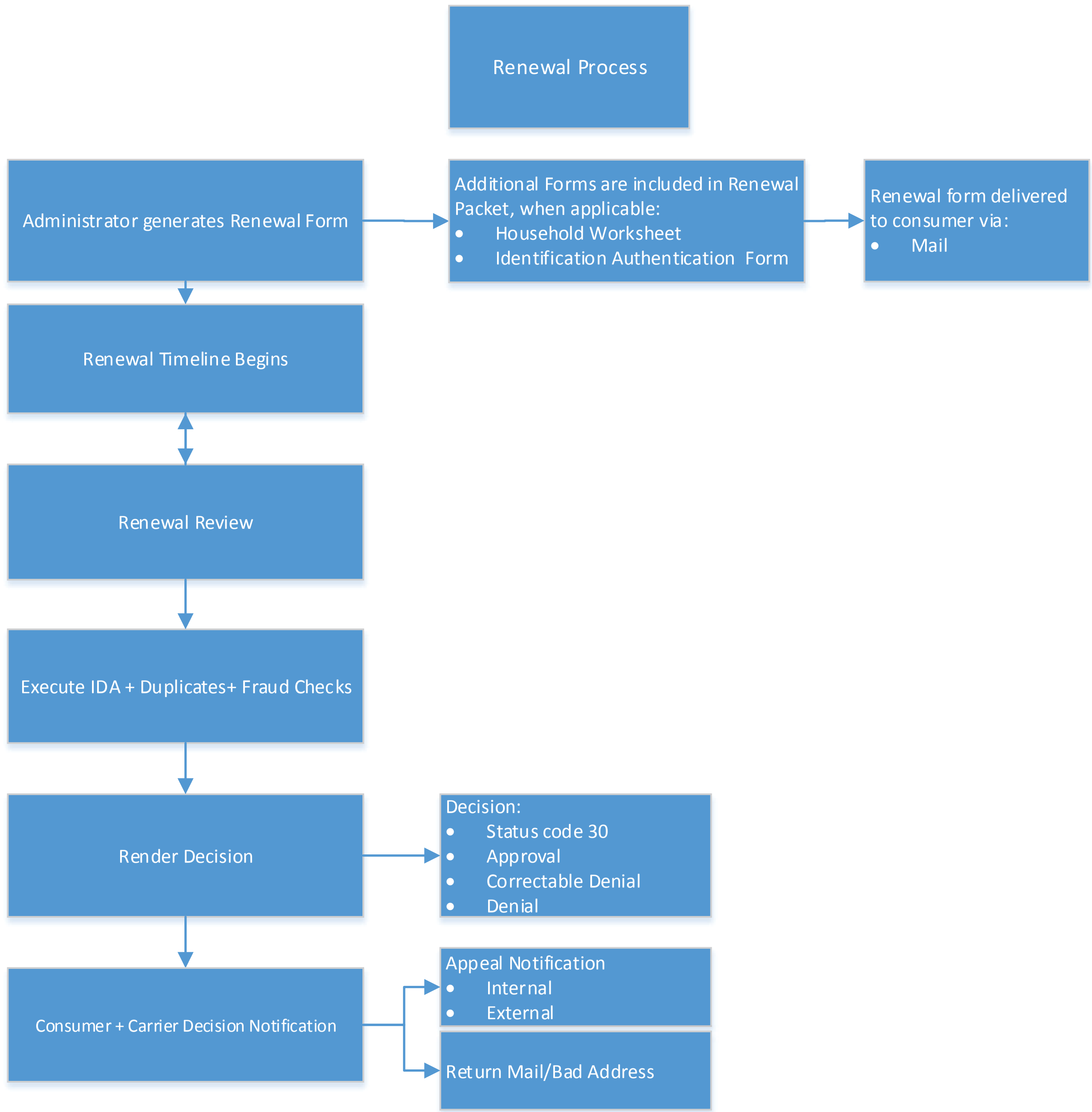
ATTACHMENT A

High Level Overview of California LifeLine Administrator's
Enrollment Process and Functions



Application Process
Program Exposure Mechanism (i.e. web, TV, news),
Consumer Contacts Telephone Service Provider
Consumer request telephone service type :
• Wireless
• Wireline
Telephone Service Provider submits Referral Request to Administrator
Referral Request Submission:
• WEB
• FTP
• DAP
Administrator Referral Review
Referral must pass:
• Pre-validation
• Validation
• Matching Process
• Duplicate Process
Administrator generates Application Form
Additional Forms are included in Application Packet, when applicable:
• Household Worksheet
• Identification Authentication Form
Application delivered to consumer via:
• DAP
• Mail
Application Timeline Begins
Application Review
Program Eligibility:
• Program-based
• Income-based
Execute IDA + Duplicates+ Fraud Checks
Render Decision
Decision:
• Status code 30
• Approval
• Correctable Denial
• Denial
Consumer + Carrier Decision Notification
Appeal Notification
• Internal
• External
Return Mail/Bad Address


On-going Operations
Updates
Name update
Address Change
Phone No. Change
Account No. Change
Disconnect/Removal
Carrier Initiated
Consumer Initiated
Transfer
Inter-transfer
Intra-transfer
Mid-term Decision
Denial to Transfer Discounts
Denial form Duplicate Discounts
Consumer Initiated Disconnect Denial
Suspected Fraud Denial
Address Change to ILEC territory
Audit


Renewal Process
Administrator generates Renewal Form
Additional Forms are included in Renewal Packet, when applicable:
• Household Worksheet
• Identification Authentication Form
Renewal form delivered to consumer via:
• Mail
Renewal Timeline Begins
Renewal Review
Execute IDA + Duplicates+ Fraud Checks
Render Decision
Decision:
• Status code 30
• Approval
• Correctable Denial
• Denial
Consumer + Carrier Decision Notification
Appeal Notification
• Internal
• External
Return Mail/Bad Address

ATTACHMENT B

CPUC Consumer Affairs Branch Appeal and
Call Volume Data

Consumer Service and

LifeLine contacts received and LifeLine cases closed by CAB during the month of July 2015

Data Pull Date: 082115

LifeLine Phone Contacts in CAB

	Jan	Feb	Mar	Apr	May	Jun	Jul	TOTAL
Received	190	186	183	160	131	186	133	1169
Closed	190	186	183	160	131	186	133	1169

LifeLine Written Contacts in CAB

Received	Jan	Feb	Mar	Apr	May	Jun	Jul	TOTAL
LL Appeals (Landline & Wireless) Received	203	153	155	136	149	175	225	1196
LL Billing Received	100	61	110	99	62	103	120	655
LL Complaints Received	1	0	3	1	0	1	1	7
LL Inquiries Received	25	26	20	23	17	32	24	167
LL Assignment Pending	31	22	22	20	6	3	15	119
Total Written Contacts Received	360	262	310	279	234	314	385	**2144**

Closed	Jan	Feb	Mar	Apr	May	Jun	Jul	TOTAL
LifeLine Appeals Closed	233	229	185	152	134	207	178	1318
Landline Appeals	132	154	130	99	79	131	107	832
Wireless Appeals	101	75	55	53	55	76	71	486
LL Billing Closed	49	115	75	116	71	107	90	623
LL Complaints Closed	0	0	0	0	0	1	0	1
LL Inquiries Closed	30	32	27	21	19	36	24	189
LL Unknown [1] Closed	1	1	0	0	1	0	5	8
Total Written Contacts Closed	313	377	287	289	225	351	297	**2139**

Section II - Written Closed LifeLine Appeals and Billing Contacts by Subcategory

	Jan	Feb	Mar	Apr	May	Jun	Jul	July		TOTAL
LifeLine Appeals (Landline & Wireless)								Denial Overturned [2]	Denial Upheld [2]	
LL Customer Did Not Return Form	67	58	44	35	30	55	43	-	43	332
LL Documents Not Provided/Does Not Meet Guidelines	96	94	74	61	57	86	85	43	20	553
LL Form Complexity	9	17	11	14	13	13	10	2	7	87
LL Initials Missing	23	26	21	20	13	24	17	2	15	144
LL No Carrier Authority	0	0	1	0	0	1	0	-	-	2
LL Nondeliverable	1	0	0	0	0	0	0	-	-	1
LL Policy/Practices	0	0	0	0	0	0	0	-	-	0
LL Privacy	0	0	0	0	0	0	0	-	-	0
LL Qualifying Method Not Selected	3	7	6	7	6	6	2	1	-	37
LL Signature/Printed Name Does Not Match/Missing	10	10	10	5	7	6	5	-	5	53
LL SSN/DOB/Tribal ID Not Provided	24	17	18	10	8	16	16	6	8	109
LL Tribal	0	0	0	0	0	0	0	-	-	0
LL TTY	0	0	0	0	0	0	0	-	-	0
Total Appeals	233	229	185	152	134	207	178			**1318**
LifeLine Billing										
LLB Address Error	1	2	2	0	2	4	3			14
LLB Application Request	10	26	24	28	18	30	15			151
LLB Approved for Discount	23	34	18	25	15	18	19			152
LLB Discount Switched to Other Carrier	8	12	18	16	18	20	16			108
LLB Federal Program/Equipment	6	41	12	46	18	35	37			195
LLB New Phone Service Not LL Eligible	1	0	1	1	0	0	0			3
Total Billing	49	115	75	116	71	107	90			**623**

Disclaimer: The LL data provided above is a snapshot in time; that is, there may be slight variations in numbers reported for past periods due to factors including but not limited to cases being reopened and updates to coding based on quality assurance audits.

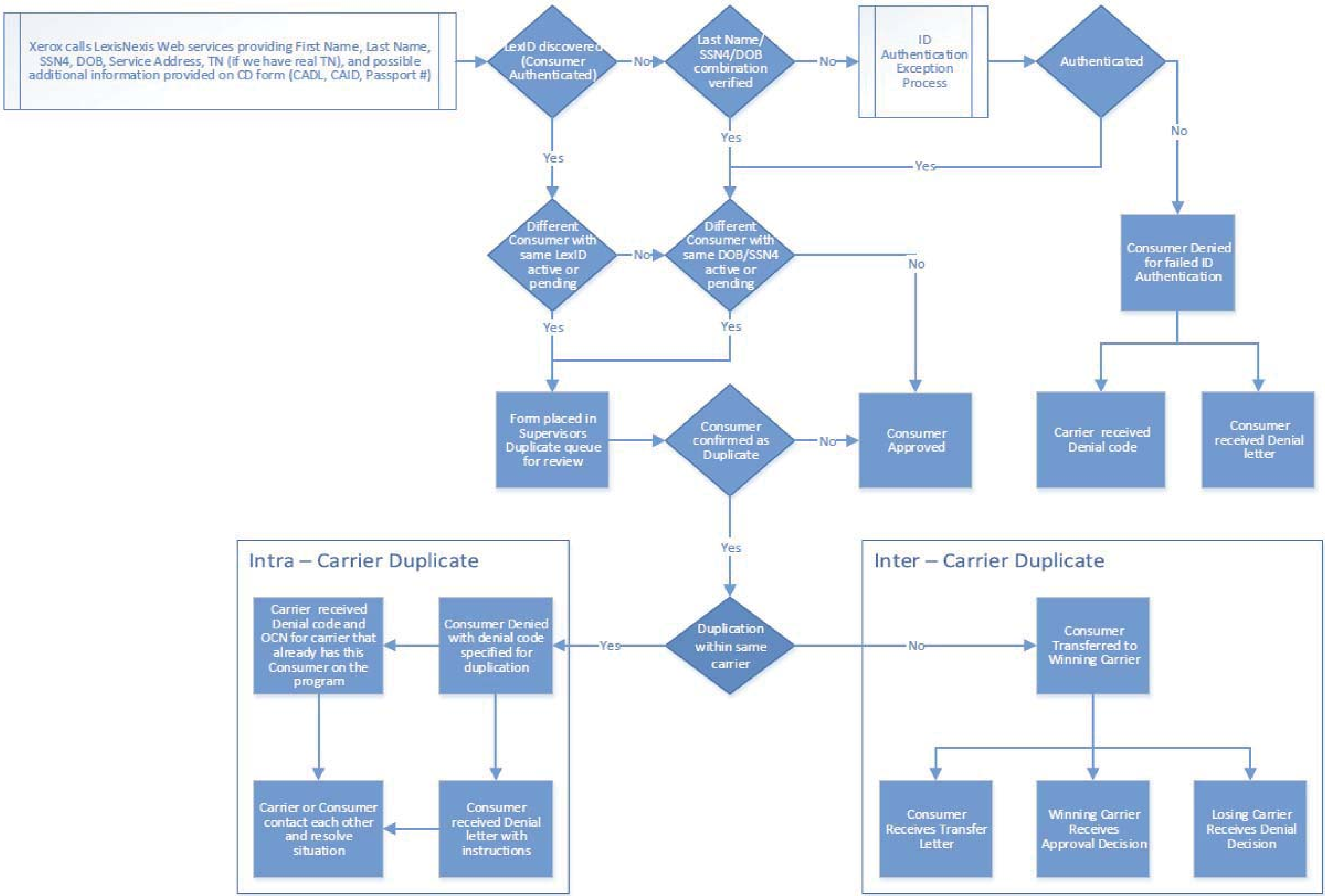
1 *Unknown* are cases for which insufficient information is available (e.g. insufficient customer information to identify customer such as no address, a more information letter that received no response), which prevents their specific assignment. These cases are normally closed/autoclosed with a category and/or subcategory of unknown, and/or a disposition of *Unresponsive Consumer-More Info Needed.*

2 *Denial Overturned* and *Denial Upheld* may not add to the total number of cases closed for a particular category as there are other dispositions that might apply, such as *Unresponsive Consumer-More Info Needed.*

ATTACHMENT C

California LifeLine Program's Duplicate Resolution Process

Duplicate Resolution Process for Certification – Version 3.0 (06/03/2014)



ATTACHMENT D

Alternate Application Process

Possible Alternate Application Process

Consumer contacts the California LifeLine Administrator

Consumer requests the application form from the California LifeLine Administrator

Consumer receives the application form

Consumer submits completed and signed application form to the California LifeLine Administrator

California LifeLine Administrator determines consumer's eligibility

California LifeLine Administrator sends approval or denial

Consumer contacts and informs the chosen phone company of the approval

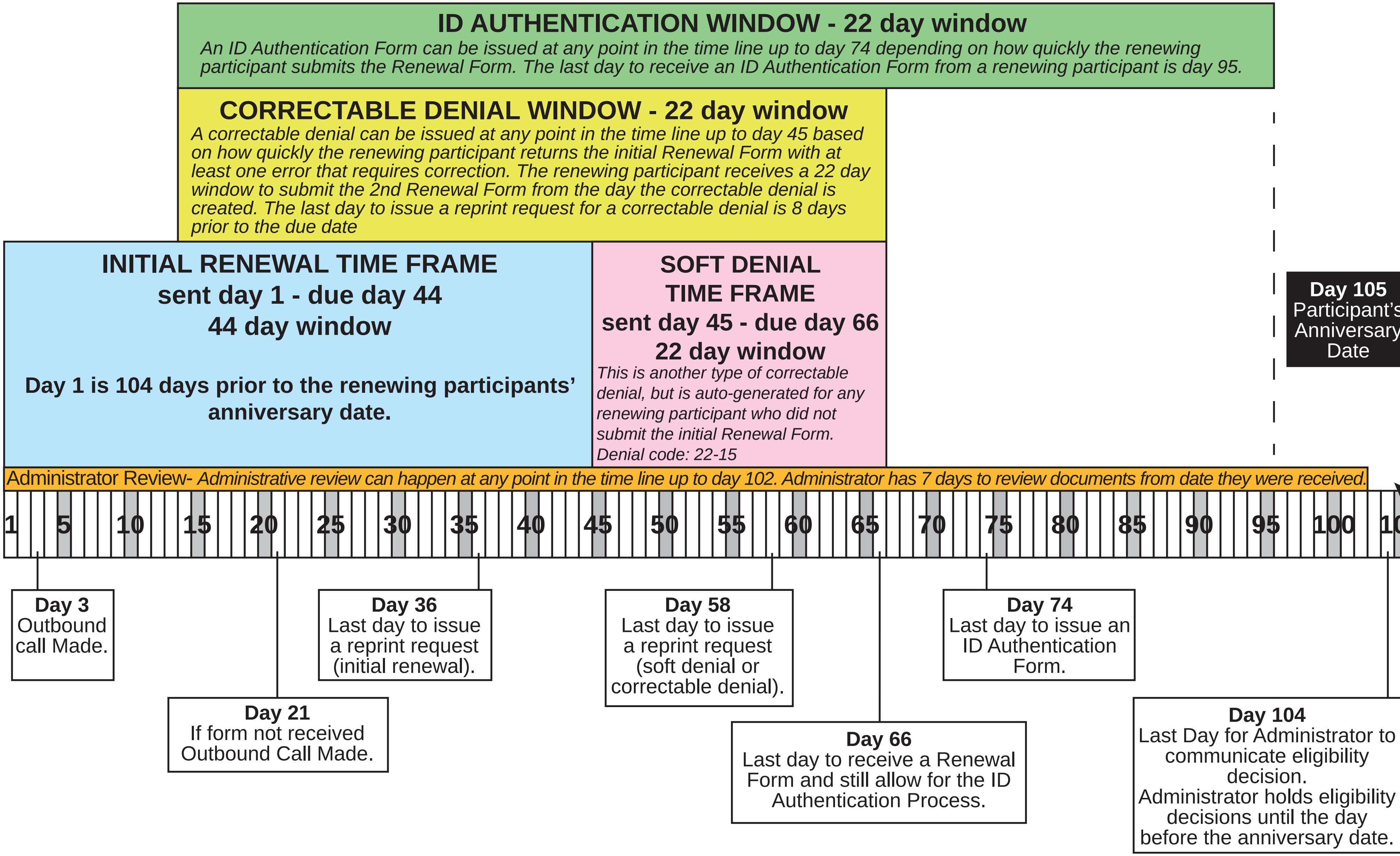
Phone company activates California LifeLine service and discounts start on the same day

Consumer can make or receive phone calls

ATTACHMENT E

California LifeLine Program's Renewal Process Timeline

California LifeLine Renewal Process



ATTACHMENT F

California LifeLine Program Denial Reasons

Application Initial Hard Denial		Application Correctable and Soft Denials		Application Final Hard Denials		
5-9	Your telephone company does not have authority to provide federal Lifeline at your new address.			8-28	Your telephone company does not have authority to provide federal Lifeline at your new address.	
5-10	*Special denial letter mailed for duplicate discount found in the database*			8-41	*Special denial letter mailed for duplicate discount found in the database*	
5-12	We did not receive the information needed from your phone company to start or continue your discounted telephone services. Some possible reasons may be that your phone company did not ship your handset, you did not activate your phone service properly, or the enrollment process was not completed within the required time.			8-42	We did not receive the information needed from your phone company to start or continue your discounted telephone services. Some possible reasons may be that your phone company did not ship your handset, you did not activate your phone service properly, or the enrollment process was not completed within the required time.	Enrollment Code
5-13	You are in violation of the California LifeLine Program's rules.			8-43	You are in violation of the California LifeLine Program's rules.	
5-6	Your form was returned as non-deliverable (a letter will not be generated for this reason).			8-10	Your form was returned as non-deliverable (a letter will not be generated for this reason).	Mail
				8-6	Your form and documentation were received after the due date.	
		6-21	We do not have evidence that the Application Form was returned to us.	8-9	We do not have evidence that the Application Form was returned to us.	
		6-19	You did not print your initials to certify that your household is not already receiving the discount.	8-26	You did not print your initials to certify that your household is not already receiving the discount.	Step 2
5-2	Your annual household income does not meet the eligibility rules.			8-8	Your annual household income does not meet the eligibility rules.	Income-Based
		6-3	You did not provide documents to demonstrate your total annual household income.	8-3	You did not provide documents to demonstrate your total annual household income.	
		6-6	You did not provide 3 consecutive months of gross income documentation.	8-13	You did not provide 3 consecutive months of gross income documentation.	
		6-26	Income documents must be from within the past 12 months or your tax return from the prior year.	8-33	Income documents must be from within the past 12 months or your tax return from the prior year.	
		6-30	You did not identify the number of adults and kids in your household.	8-37	You did not identify the number of adults and kids in your household.	
		6-18	You did not provide documents to demonstrate someone in your household is enrolled in a qualifying public assistance program.	8-25	You did not provide documents to demonstrate someone in your household is enrolled in a qualifying public assistance program.	Programmed-Based
		6-24	Documentation submitted is not from an approved public assistance program.	8-31	Documentation submitted is not from an approved public assistance program.	
		6-27	You selected Medicaid/Medi-Cal but provided documents for Medicare. Medicare is not an approved public assistance program. Please provide documents for Medicaid or Medi-Cal.	8-34	You selected Medicaid/Medi-Cal but provided documents for Medicare. Medicare is not an approved public assistance program.	
		6-28	You selected Supplemental Security Income (SSI), but provided documents for Social Security. Please provide documents for Supplemental Security Income.	8-35	You selected Supplemental Security Income (SSI), but provided documents for Social Security. Social Security is not a qualifying program.	
		6-22	Documentation provided does not meet the eligibility guidelines.	8-30	Documentation provided does not meet the eligibility guidelines.	General Docs
		6-25	We are unable to read the supporting documents provided. Please resubmit supporting documents that are easier to read.	8-32	We are unable to read the supporting documents provided.	
		6-29	You did not choose to qualify through either the Program-Based or Income-Based method. You must complete either the Program-Based or Income-Based step on the form.	8-36	You did not choose to qualify through either the Program-Based or Income-Based method.	
		6-5	You did not identify the name of the person in your household who uses TTY equipment.	8-5	You did not identify the name of the person in your household who uses TTY equipment.	TTY
		6-8	You did not attach a medical certificate indicating the person in your household who uses TTY equipment.	8-15	You did not attach a medical certificate indicating the person in your household who uses TTY equipment.	
		6-15	You did not provide your tribal identification number.	8-22	You did not provide your tribal identification number.	Tribal
		6-16	You did not initial to certify that you live on federally recognized tribal land.	8-23	You did not initial to certify that you live on federally recognized tribal land.	
		6-1	Your signature was missing on the Application Form.	8-1	Your signature was missing on the Application Form.	Personal Info
		6-23	The signature on the form does not match applicant's name.	8-7	The signature on the form does not match applicant's name.	
		6-13	You did not provide the last four digits of your social security number.	8-20	You did not provide the last four digits of your social security number.	
		6-14	You did not provide your date of birth.	8-21	You did not provide your date of birth.	
5-11	You must be at least 18 years of age or an emancipated minor in order to qualify for the program.	6-33	You must be at least 18 years of age or an emancipated minor in order to qualify for the program. If you are an emancipated minor you are required to provide proof of emancipation with your Application Form.	8-40	You must be at least 18 years of age or an emancipated minor in order to qualify for the program.	
		6-20	You did not print your first and last name at the end of the form.	8-27	You did not print your first and last name at the end of the form.	
		6-11	You did not print your initials to certify that multiple households at your service address are made up of separate economic units.	8-18	You did not print your initials to certify that multiple households at your service address are made up of separate economic units.	HH Worksheet
		6-31	Your signature was missing on the Household Worksheet.	8-38	Your signature was missing on the Household Worksheet.	
		6-32	You did not return the Household Worksheet with your Application Form.	8-39	You did not return the Household Worksheet with your Application Form.	
5-14	We were unable to prove your identity using the information you provided.			8-44	We were unable to prove your identity using the information you provided.	ID Authentication
5-15	The identity documentation does not match the applicant.			8-45	The identity documentation does not match the applicant.	
5-16	We do not have evidence that the identity documentation and ID Authentication Form were submitted to us.			8-46	We do not have evidence that the identity documentation and ID Authentication Form were submitted to us.	

	Renewal Initial Hard Denial		Renewal Correctable and Soft Denials		Renewal Final Hard Denials	
21-9	Your telephone company does not have authority to provide federal Lifeline at your new address.					
21-8	You have requested to be removed from the program and stop receiving discounts.			24-11	You have requested to be removed from the program and stop receiving discounts.	
21-10	You are in violation of the California LifeLine Program's rules.			24-30	You are in violation of the California LifeLine Program's rules.	
21-6	Your form was returned as non-deliverable (a letter will not be generated for this reason).			24-9	Your form was returned as non-deliverable (a letter will not be generated for this reason).	Mail
				24-6	Your form was received after the due date.	Mail
		22-15	We do not have evidence that the Renewal Form was returned to us.	24-8	We do not have evidence that the Renewal Form was returned to us.	Mail
		22-17	You did not print your initials to certify that **no one else** in your household is already receiving the discount.	24-22	You did not print your initials to certify that **no one else** in your household is already receiving the discount.	Step 2
21-2	Your annual household income does not meet the eligibility rules.			24-21	Your annual household income does not meet the eligibility rules.	Income-Base
		22-20	You did not identify the number of adults and kids in your household.	24-26	You did not identify the number of adults and kids in your household.	Income-Base
		22-19	You did not choose to qualify through either the Program-Based or Income-Based method. You must complete either the Program-Based or Income-Based step on the form.	24-25	You did not choose to qualify through either the Program-Based or Income-Based method.	General
		22-21	You did not fill in the bubble to indicate you continue to need a second line for a TTY household member.	24-27	You did not fill in the bubble to indicate you continue to need a second line for a TTY household member.	TTY
		22-12	You did not provide your tribal identification number.	24-19	You did not provide your tribal identification number.	Tribal
		22-1	Your signature was missing on the Renewal Form.	24-1	Your signature was missing on the Renewal Form.	Personal Info
		22-10	You did not provide the last four digits of your social security number.	24-17	You did not provide the last four digits of your social security number.	Personal Info
		22-11	You did not provide your date of birth.	24-18	You did not provide your date of birth.	Personal Info
		22-16	The signature on the form does not match participant's name.	24-7	The signature on the form does not match participant's name.	Personal Info
		22-13	You did not print your first and last name at the end of the form.	24-20	You did not print your first and last name at the end of the form.	Personal Info
		22-8	You did not print your initials on the Household Worksheet to certify that multiple households at your service address are made up of separate economic units.	24-15	You did not print your initials on the Household Worksheet to certify that multiple households at your service address are made up of separate economic units.	HH Worksheet
		22-18	Your signature was missing on the Household Worksheet.	24-24	Your signature was missing on the Household Worksheet.	HH Worksheet
		22-22	You did not return the Household Worksheet with your Renewal Form.	24-28	You did not return the Household Worksheet with your Renewal Form.	HH Worksheet
21-11	We were unable to prove your identity using the information you provided.			24-31	We were unable to prove your identity using the information you provided.	ID Authentication
21-12	The identity documentation does not match the participant.			24-32	The identity documentation does not match the participant.	ID Authentication
21-13	We do not have evidence that the identity documentation and ID Authentication Form were submitted to us.			24-33	We do not have evidence that the identity documentation and ID Authentication Form were submitted to us.	ID Authentication
					ver. 6/18/2015	

90-5 The customer has had their LifeLine discount terminated with this service provider and resumed the discount with another carrier

90-6 Customer inactivated due to transfer within the carrier

90-7 Customer inactivated based on an address update and that address is within a small ILEC's territory.

90-8 The phone company did not provide the update record within the required 30-day time period indicating it has activated the phone service.

90-9 Denied or de-enrolled for violation of California LifeLine Program's rules

90-10 De-enrolled for duplicate discounts

99-1 You have provided an invalid service address.

99-2 customer denied during special 1-time catch-up household worksheet mailing.

99-3 customer removed during special 1-time mailing for duplicates found through ID check

ATTACHMENT G

Process to Reverse the CPUC

Consumer Affairs Branch's Overturns

Process for Correcting a Consumer Affairs Branch (CAB) Overturn of a Denial | Nov. 21, 2012

CAB determines an overturn of a denial should not have ocurred.

CAB management e-mails the CaLL Administrator liaison of the invalid overturn with a description on why CAB is removing the overturn.

CaLL Administrator manually removes the overturn in the database. CaLL Administrator liaison confirms by e-mail the manual removal with CAB management.

CaLL Administrator notifies the service provider of the invalid overturn with the appropriate denial code(s) and a, C-Z or V-Z, in the return feed. The denial code(s) will be based on either the CAB description for invalidating an overturn or the final denial code(s) before the appeal phase.

CaLL Administrator to code the discounts to stop when it sends the service provider notification.

CAB mails a letter to the consumer of the reversal in its decision.

ATTACHMENT H

Comparison Chart between USAC's and CPUC's
Duplicate and Identity Checks

The table compares the general characteristics between the CPUC's and the FCC/USAC's duplicate and identity checks.

		CPUC	FCC (pre-March 25, 2015)	FCC (Starting March 25, 2015) [1]
DUPLICATE CHECK	NATURE OF GATEKEEPING	Proactive and recurring (daily, real-time, monthly, ad hoc)		
	OCCURRENCE IN THE ENROLLMENT PROCESS	Front-end, middle, back-end	Back-end	Front-end and back-end
	NAME	✓ (FULL NAME)	✓ (only LAST NAME)	✓ (FIRST & LAST NAME)
	DATE OF BIRTH	✓	✓	✓
	LAST FOUR DIGITS OF SOCIAL SECURITY NUMBER	✓	✓	✓
	SERVICE ADDRESS	✓		✓
	TELEPHONE NUMBER	✓		✓
	HOUSEHOLD WORKSHEET	✓	✓	✓
	SEPARATE DOCUMENTATION OF AFFIRMATIVE CONSENT TO RESOLVE DUPLICATES		✓	✓
	SEPARATE DOCUMENTATION OF AFFIRMATIVE CONSENT TO TRANSFER DISCOUNTS		✓	✓
	NATURE OF RESOLVING DUPLICATES AND/OR TRANSFERRING DISCOUNTS	Automatic, instantaneous, and controlled by the Administrator		
ID CHECK	NAME	✓ (FIRST & LAST NAME)	✓ (FIRST & LAST NAME)	✓ (FIRST & LAST NAME)
	DATE OF BIRTH	✓	✓	✓
	LAST FOUR DIGITS OF SOCIAL SECURITY NUMBER	✓	✓	✓
	SERVICE ADDRESS	✓	✓	✓
	TELEPHONE NUMBER	✓		
	DOMESTIC DRIVER LICENSE OR ID NUMBER	✓		

[1] USAC recently modified its duplicate check process. See http://www.usac.org/_res/documents/li/training/2015/2015-NLAD-Weekly-Industry-Webinar-Apr1.pdf.